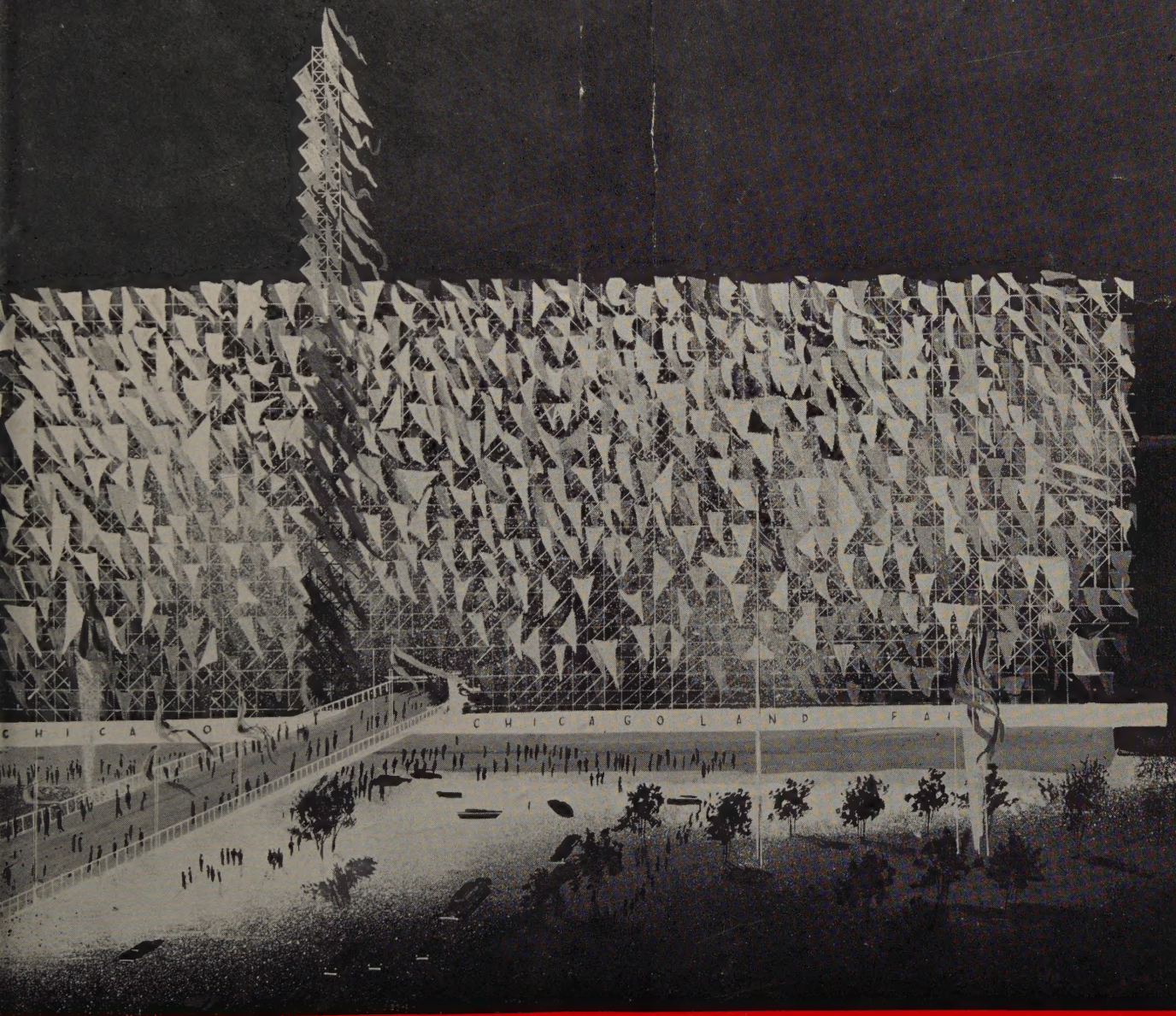


COMMERCE

DECEMBER 1956

35c

Published since 1904 by the Chicago Association of Commerce and Industry



Selling the "New Chicago" — See Page 5

How Serious Is Inflation?

School Bells For Executives



EFENGEE ELECTRICAL SUPPLY CO., INC.

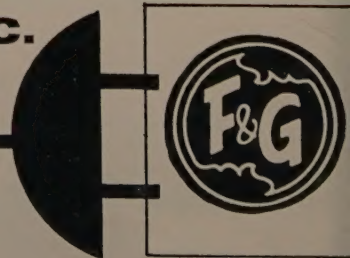
965 West Chicago Avenue • Chicago 22, Illinois • SEeley 8-3500

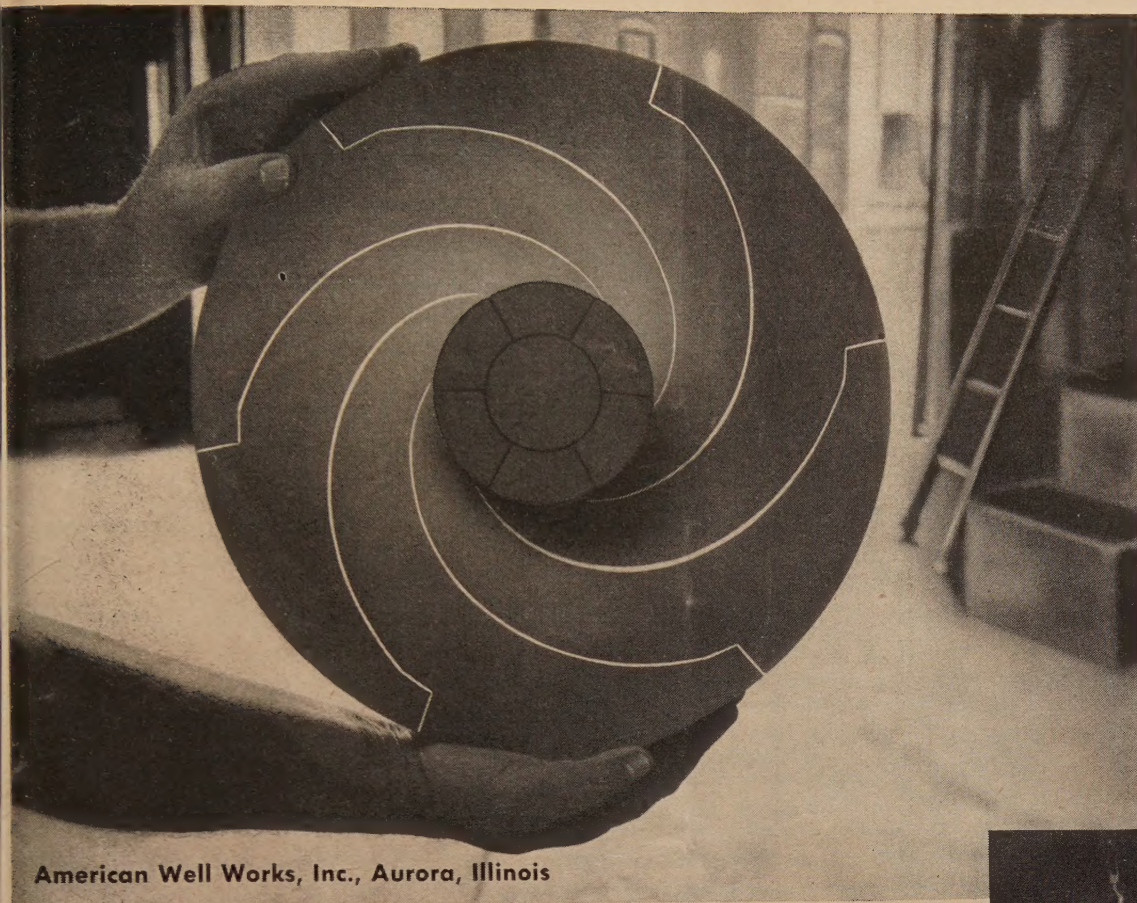
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Waukegan Branch

INTERSTATE ELECTRICAL SUPPLY CO.

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American Well Works, Inc., Aurora, Illinois

"IF IT'S NOT PERFECT, IT MUST BE THROWN OUT!"

Why American Well Works uses Cities Service Delco Core Oil

Mister, you're looking at one of the most complicated cores made—and at American Well Works, it must be perfect or get thrown out.

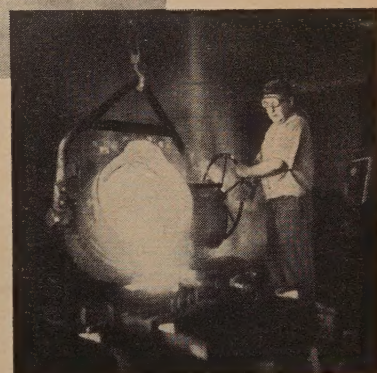
American has an 86-year reputation to maintain—a reputation for custom-engineered deep well turbine pumps and other equipment for handling water and waste.

For this reason, American carries the making of parts from raw material to finished product. Naturally, that means its own foundries . . . one for iron, another for brass. In each case, however, the brand of core oil is always the same—Cities Service Delco Core Oil.

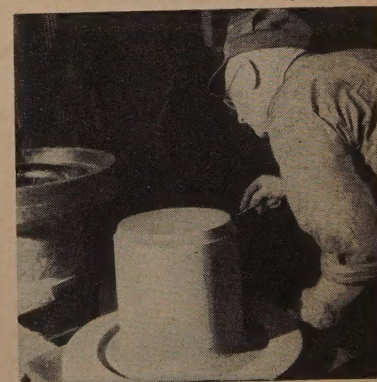
At the iron foundry, Delco #936 has won high praise for its adaptability to all sized cores, without alteration of the mixture. "It's uniform from batch to batch, has reduced blows to a minimum, and allows us to use one quart of oil for every three required by our previous brand," reports American.

The story is similar in the brass works where Delco #54 is used to make intricate cores for pump castings. "Core and core oil must be perfect," says American, "and we're happy to say they almost always are."

To find out more about Delco Core Oils and results of firms such as American, talk with a Cities Service Representative. Or write: Cities Service Oil Company, 20 North Wacker Drive, Chicago 6, Illinois.



Pouring A Casting, American's employees put the core and its core oil to the acid test. Thanks to Cities Service Delco Core Oils, blows have been reduced to a minimum in both the brass and iron foundries.



Many Sized Cores are produced by American Well Works' iron foundry—yet one oil, Cities Service Delco #936, is suited to them all, without alteration of mixture. They now use only 1 qt. of Delco #936 for every 3 required by their previous oil.

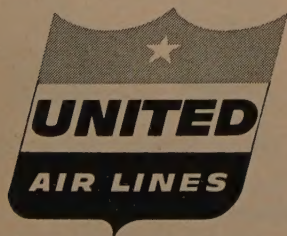
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*"Red Carpet" is a service mark used and owned by United Air Lines, Inc.

statistics of...

Chicago Business

	October, 1956	September, 1956	October, 1955
Building permits, Chicago	968	2,826	1,041
Cost	\$ 20,463,537	\$ 29,732,357	\$ 25,954,000
Contracts awarded on building projects, Cook County	1,862	1,620	2,551
Cost	\$ 71,193,000	\$ 94,294,000	\$ 75,863,000
(F. W. Dodge Corp.)			
Real estate transfers, Cook Co.	9,243	7,918	8,801
Consideration	\$ 7,297,870	\$ 4,661,789	\$ 7,146,200
Bank clearings, Chicago	\$ 5,122,415,995	\$ 4,378,055,854	\$ 4,502,377,500
Bank debits to individual accounts:			
7th Federal Reserve District	\$28,334,000,000	\$24,193,000,000	\$25,665,000,000
Chicago only	\$14,159,445,000	\$11,970,995,000	\$12,489,484,000
(Federal Reserve Board)			
Bank loans (outstanding) Chicago weekly reporting banks	\$ 3,925,000,000	\$ 3,809,000,000	\$ 3,209,000,000
Midwest Stock Exchange transactions:			
Number of shares traded	1,718,000	1,884,000	1,646,000
Market value of shares traded	\$ 73,489,901	\$ 85,369,111	\$ 64,361,200
Railway express shipments, Chicago area	1,029,720	813,877	972,500
Air express shipments, Chicago area	89,376	75,763	79,400
L.C.L. merchandise cars, Chicago area	18,950	16,497	20,100
Electric power production, kwh, Comm. Ed. Co.	1,655,974,000	1,531,509,000	1,532,154,000
Industrial gas sales, therms, Chicago	15,543,335	13,999,357	13,523,300
Steel production (net tons), metropolitan area	2,048,600	1,915,000	1,880,700
Revenue passengers carried by Chicago Transit Authority lines:			
Surface division	45,874,582	41,024,675	43,606,200
Rapid transit division	10,369,200	8,946,492	9,589,800
Postal receipts, Chicago	\$ 14,524,698	\$ 12,104,954	\$ 13,039,000
Air passengers, scheduled, Midway Airport:			
Arrivals	399,385	396,637	397,700
Departures	419,449	410,837	418,300
Consumers' Price Index (1947-49 = 100), Chicago	121.1	120.3	119.0
Receipts of salable livestock, Chicago	515,197	378,851	516,300
Unemployment compensation claimants, Cook & DuPage counties	21,205	28,655	25,000

January, 1957, Tax Calendar

Date Due	Tax	Returnable to
1	Renew city business licenses which expired December 31, 1956	City Collector
15	Illinois Retailers' Occupation Tax, MROT and Use Tax return and payment for month of December, 1956	Dept. of Revenue (Illinois)
15	Final payment of 1956 estimated tax, with any final amendments. (See Jan. 31) Farmers file declarations and pay estimated tax for 1956. (Feb. 15 for 1956 calendar-year return)	District Director of Internal Revenue
15	If total Income and Social Security Taxes (O.A.B.) withheld from employees plus employer's contribution withheld in December exceeds \$100, pay amount to or remittance may be made at end of month with quarterly return directly to	Authorized Depository
31	File employer's application for termination of coverage report for employers who did not have employment experience in 1956 equal to four or more employees for 20 weeks (Illinois Form UC-IC). Must be filed prior to February 1, 1957	Dist. Dir. of Int. Re.
31	Illinois Unemployment Compensation contribution and wage report and payment for fourth quarter of 1956 (Forms UC-3 and UC-40)	Director, Dept. of Labor
		Director, Dept. of Labor

(Continued on page 35)

COMMERCE

Magazine

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Chicago 2, Ill. • Franklin 2-7700

December, 1956

Volume 53

Number 11

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Our Cover

Even veteran Chicagoans won't recognize the well-known landmark on our cover.

It's Chicago's Navy Pier as it will appear for the Chicagoland Fair next year. Sponsored by the Chicago Association of Commerce and Industry and hailed as the city's greatest exposition since the Century of Progress, the international exposition will run from June 28 to July 14.

Five miles of colorful exhibits are planned to fill the pier space. They will be built around six themes, each highlighting a major objective of the Fair. A Pageant of Chicagoland and a Cavalcade of Water Transportation will be presented daily from an open-air Lakeview Theater to be erected on Navy Pier. An open air restaurant also will be part of the facilities.

More than a half million people are expected to go up the ramp seen on our cover and view exhibits that will focus attention on the "New Chicago," the heart of business and industry for the world. In keeping with the "future" theme the large entrance ramp will be a moving sidewalk.

Now the largest and most diversified manufacturing center in the world, Chicago will gain unlimited economic growth potential as the St. Lawrence Seaway becomes a reality, according to Richard Revnes, director of the Chicagoland Fair.

These are the objectives for the Fair as outlined by Mr. Revnes: 1. Attract new buyers for Chicagoland products;

2. Point out Chicagoland's suitability for new plants, warehouses, and headquarters;

3. Demonstrate Chicagoland's quality as a place to live, work, and play;

4. Emphasize the civic achievement and leadership of Chicagoland businessmen;

5. Acquaint more Chicagoans with the good points and facilities of their city; and

6. Demonstrate the impact of the completion of the St. Lawrence Seaway, the world port of Chicago, and the Calumet-Sag Channel.

To handle reservations and sale of space, a Chicagoland Fair office has been opened in Room 516, 8 S. Michigan Avenue, Chicago 3, Illinois.



for men only shop

Shades of wiener schnitzel and lederhosen, we've gone Tyrolean this year in the 22nd Edition of our For Men Only Shop! Here, the weary male can rest... select gifts for his entire family—with the aid of our gift counselors. *Fraus verboten!* (no women allowed*) Continuous informal modeling, hot coffee and snacks, on the house! Exclusive, free holiday gift wrap.

*slight exception: wives and secretaries may shop here until 11 a.m.

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The Editor's Page

Soaking the Rich?

Are individuals with moderate or small taxable incomes concerned with the capital gains tax law or is the law merely a device to "soak the rich"?

The magazine of the New York Stock Exchange, based on an analysis of the latest internal revenue service statistics — those for 1953 — has come up with an answer to this question which will surprise many people. This study reveals that taxpayers with adjusted gross incomes of less than \$10,000 accounted for more than 78 per cent of all individual income tax returns reporting net gains from the sale of capital assets. Almost 52 per cent of all individuals reporting net capital gains for 1953 had adjusted gross incomes for the year of less than \$5,000.

For most individual taxpayers, the term "adjusted gross income" means largely wages or salaries — before withholding taxes — plus such items as capital gains and dividends.

In these days — with the dollar's purchasing power far less robust than it was in the thirties — no individual with an adjusted gross income of \$5,000 — or even \$10,000 — can be considered rich. In fact, the average family's income is around \$5,000.

Yet, a taxpayer in either of these income brackets must pay a capital gains impost when he sells at a profit over cost such assets as stocks and bonds or other property he has owned for six months or longer. The tax applies whether or not the "profit" — because of the dollar's reduced purchasing power — is more apparent than real.

G. Keith Funston, president of the New York Exchange, has characterized the capital gains tax as "the most damaging of all federal taxes to the investor" because "it shackles the will to venture." He might well have said the most damaging to the "small investor" who, it seems, bears most of the brunt under the capital gains tax just as the small and middle income group bear most of the burden of all taxes.

Success Story

How successful are business public relations?

It is easy to find reasons for gloom. Business public relations are conducted in many and diverse ways. Their impact is the cumulative effect of countless, often small efforts.

These individual efforts, of course, don't attract the attention accorded any move of the gargantuan AFL-CIO.

But it doesn't follow that union public relations are more effective. In fact, the reverse seems to be true, according to research conducted by Dr. Claude Robinson, president of the Opinion Research Corporation.

Dr. Robinson's sampling of public and union members' opinions disclosed a lot of shortcomings in business public relations. But it also disclosed achievements with which business has not been crediting itself.

For example, consider what's been happening to the traditional public distrust of big business.

Dr. Robinson's sampling of the public disclosed that 65 per cent think big business is under control and only about a fourth say it is out of control. Furthermore, 46 per cent say the problems of bigness are greatest today in big unions, 16 per cent in big government and 16 per cent in big business. That indicates a reversal in the past roles of big business and unions.

There has been a comparable change in the public's attitude toward business and union leaders. In most instances, the labor leader received a worse vote than the business leader in a count of personal qualities.

This attitude was reflected dramatically in vote showing that 69 per cent approved businessmen in government as compared with 39 per cent approval of union leaders in government.

"The plain fact of the matter," Dr. Robinson said, "is that the American public is very fearful of the power of labor unions. Only 25 to 30 per cent of the people say they would like to see unions grow stronger. . . . However, two-thirds of the American people have consistently told our interviewers that unions have grown large enough."

Thus, spectacular as the unions' public gestures may be, they have not in many instances been as successful as those of business. That should be the cue for renewed efforts on the part of businessmen to eliminate the many remaining misunderstandings of business.

Feeding Hungry Furnaces

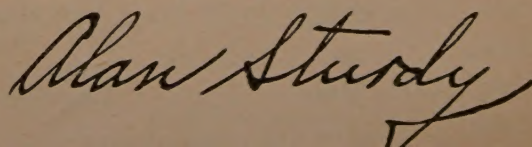
Exports of coal from the U. S. have shown such a large increase that the National Coal Association now says "America is the coal mine of the world."

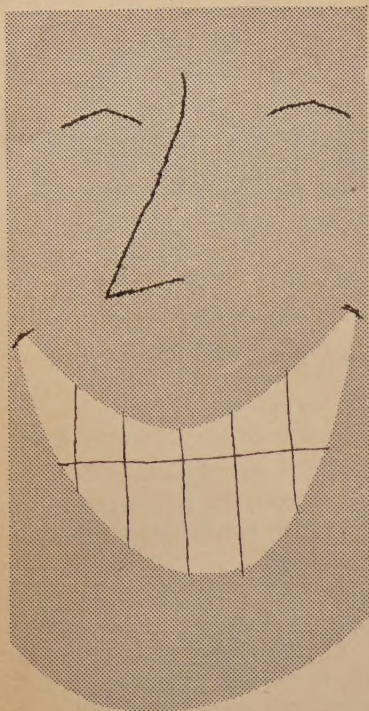
What has brought this about — in the light of the fact that some of the countries which now buy coal from us formerly produced all they needed for themselves, and had substantial surpluses to export?

For one thing, the whole world is experiencing an unprecedented rise in its energy demands. For another, many Asiatic and European mines have been used for centuries, and production has become slow, and costly.

But these are not the only reasons. The coal industry abroad has generally been dominated or owned by government — or kept in a comparatively static state by monopoly creating cartels. As a consequence, comparatively little has been done to modernize production methods.

In the United States, on the other hand, competition — both among coal producers and with other fuels — has caused our industry to invest huge sums of money in machines that increase output and cut costs. This, coupled with the fact that we have limitless coal reserves, has been the primary reason for our becoming "the coal mine of the world."



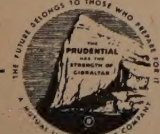


You and your employees can feel like this

If you employ less than 25 people—here's important news for you.

Prudential's new Employee Security Program can protect you and your employees through a "package" plan that provides life insurance and sickness and accident coverages.

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Here...There... and Everywhere

• **Another Centenarian** — The brokerage firm of H. Hentz & Company, which maintains a branch at 120 South LaSalle Street in Chicago, marked the 100th anniversary of its founding in November. As part of its celebration program, the company is donating \$100,000 to various philanthropies on a national basis. Of this amount \$5,000 was given to the Community Fund of Chicago.

• **Fluctuations But No Busts**—The recurrence of great economic catastrophes of the type of the 1930's and 1890's is unlikely Donald W. Woodward, chairman of the finance committee, Vick Chemical Company, told the 25th Annual National Conference of the Controllers Institute of America. "Business policy need not be formed in the anticipation of general disaster. I deem fluctuations up to the magnitude of 1938 and 1921 possible," he said.

• **600 Consecutive Issues** — The Santa Fe Magazine, oldest railway employes' magazine in the Midwest and second oldest in the nation, will celebrate its 50th anniversary this month. Established in Chicago in 1906, the magazine over the past five decades has published 600 consecutive monthly issues for free distribution to company workers. The first issue included a discourse on "The Salary Loan and Its Evils." Succeeding early issues featured warnings against similar "menaces," among them the use of tobacco and strong drink.

• **List "Special" Days for 1957** — Want to know when "Save the Horse Week," "Old Stove Roundup" and "Mother-in-Law Day" fall in 1957? The answers are in the "Special Days, Weeks and Months in 1957" publication of the United States Chamber of Commerce, 1615 H

Street, N. W., Washington 6, D. C. It is a 48-page booklet and lists over 300 business promotion events, legal holidays, and religious observances. Price is 50 cents.

• **Our Growing Merchant Fleet** — An increase in the U. S. privately owned dry cargo and passenger carrying fleet during the first six months of this year from 713 vessels of 7,517,113 deadweight tons to 720 vessels of 7,637,151 deadweight ton has been reported by the American Merchant Marine Institute. This was the largest increase in number of vessels and tonnage for a six-month period since January, 1951.

• **Packages Boost Sales** — Department stores are looking to packaging and self-selection to boost sales as they have done in supermarkets. In 15 years, per-employee sales of department stores went up from \$6,000 to \$13,000; in supermarkets the gain was four-fold: from \$7,000 to \$28,000.

• **Becoming an Influence** — Consumer sales of vodka are expected to reach a quarter of a billion dollars by year-end, according to Edward K. Dreier, president of the distilling firm that markets Samovar vodka. He predicts that the beverage—practically unknown to U. S. drinkers a decade ago—will rank second to whiskey in popularity among distilled spirits by 1958.

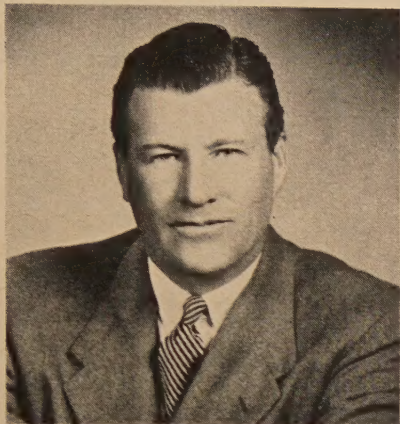
• **U. S. Last in Launchings** — Lloyd's Register of Shipping shows that world shipyards launched 1,444 ships of 5,316,742 gross tons last year. The U. S. ranked last among the maritime nations in total launchings.

• **Tops in Milk Production** — The United States is the world's largest

(Continued on page 35)

PLAN YOUR PART IN

Chicago's new horizons



THOMAS H. COULTER

"IN its 123 year history, Chicago has grown faster than any other city in the world. Currently the Chicago area's industrial and commercial growth is surpassing all previous records and accelerating at an unprecedented rate. Chicago is destined to be the world's greatest city. Every industry in Chicagoland, every person living in Chicago and every organization should be planning now for their part in this great future. Businesses of all kinds should join us in telling the world their plans through institutional advertising in CHICAGO'S NEW HORIZONS, which will be published by the Association as a separate section of COMMERCE MAGAZINE in June, 1957." — Thomas H. Coulter, Chief Executive Officer of the Chicago Association of Commerce and Industry.

CHICAGO'S NEW HORIZONS will comprehensively cover the plans for the coming decade being made by governmental bodies, business, industry, finance, public utilities, transportation, and social and cultural institutions. It will inventory authoritatively the community's prospects and its needs fully to exploit them.

While many articles have been written about Chicago and its fabulous future, all of the facts and all of the projections have never been brought together in a single complete publication. Every Chicago leader will recognize the need for and value of such a publication as a means of promoting the community's balanced growth by attracting more foreign trade, new industries, new workers, new headquarters offices and new wholesaling and distributing organizations. CHICAGO'S NEW HORIZONS will also be an invaluable reference source as well as a guide to Chicagoans in their own planning.

The Chicago Association of Commerce and Industry will distribute more than 20,000 copies of CHICAGO'S NEW HORIZONS to domestic and foreign libraries, as well as college and university libraries, to foreign and United States trade commissioners, to leaders of our government, to newspapers, trade publications and radio and T.V. stations, and to trade associations and chambers of commerce.

CHICAGO'S NEW HORIZONS will:

1. Commemorate the opening of the Port of Chicago.
2. Publicize Chicago and its future as the world's greatest inland port.
3. Furnish an authoritative guide for industry in Chicagoland and elsewhere on the coming growth of Chicagoland in all its aspects.
4. Stress Chicago's position as the nation's center of all forms of transportation.
5. Promote foreign trade.
6. Provide students in colleges and universities with facts about the employment possibilities for them in Chicagoland.
7. Aid in attracting workers to meet the ever growing needs of Chicagoland industry.

Chicagoland companies are invited to participate in CHICAGO'S NEW HORIZONS by carrying institutional advertising and by purchasing copies of the publication to send to clients and friends. Write or telephone for details.

Chicago Association of Commerce and Industry

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CHICAGO 6, ILL.

Trends . . . in Finance and Business



• *White Collars Outnumber Blues*

— The white collar worker has caught up with and passed his blue collar counterpart as the biggest single group in our working population. The April employment breakdown this year of the U. S. Bureau of the Census shows that the number of persons with white collar occupations — those in the professions and related tasks, proprietors and managers, and clerical and kindred workers — exceeded the total number of craftsmen, operatives and laborers, who make up the blue collar classification, by about a half million.

The Census Bureau's employment figures show that there were 25.4 million persons with white collar jobs in April of this year as compared with 24.9 million blue collar workers. By contrast, there were almost a million more blue than white collar workers in April, 1955, 24.7 million as against 23.8 million; and back in 1945, when World War II was drawing to a close, there were 21.6 million blue collar workers as compared with only 17.5 million in white collar jobs, a blue collar margin of over four million.

Taking the 1945-56 period as a whole, the figures show that the number of white collar workers has increased 45 per cent as against only 15 per cent for the blue collar group. One of the most significant areas of occupational growth is provided by the group of white collar workers classified as professional, technical, and kindred workers. The figures show that the number of professional and allied workers has shown a greater rate of growth than other occupational groups, increasing from 3.3 million persons in 1945 to 6 million this April, a rise of more than 80 per cent. Right now the professional classification accounts

for more than nine per cent of all workers as against little more than six per cent in 1945, and this proportion is expected to increase.

• *Earn Consumer Items Faster*

The average U. S. production worker in manufacturing doesn't have to work as long as he did five years ago to buy most of his consumer items, according to the National Industrial Conference Board. The Board finds that in August, 1956, 12 out of 100 goods and services cost less in terms of hours of labor than they did in August, 1951, with declines in work time ranging from four per cent for a movie admission to 42 per cent for a pair of nylon stockings.

According to the NICB, a worker had to work 30 minutes to buy a dozen eggs in 1951, but only 19 minutes in 1956 — a drop of 36 per cent. Similarly, a pound of bacon, down from 26 to 19 minutes, requires 31 per cent less labor today. And to purchase a pound of coffee now takes 31 minutes of work, compared with 33 minutes in the earlier period. Also down in worktime equivalent are a man's suit, from 33 hours and 44 minutes to 24 hours and 38 minutes; a refrigerator, from 149 hours and 53 minutes to 117 hours and 53 minutes; and nylons, from 47 to 33 minutes. A visit to the doctor's office requires slightly less time now, two hours and 10 minutes compared with two hours and 10 minutes in 1951.

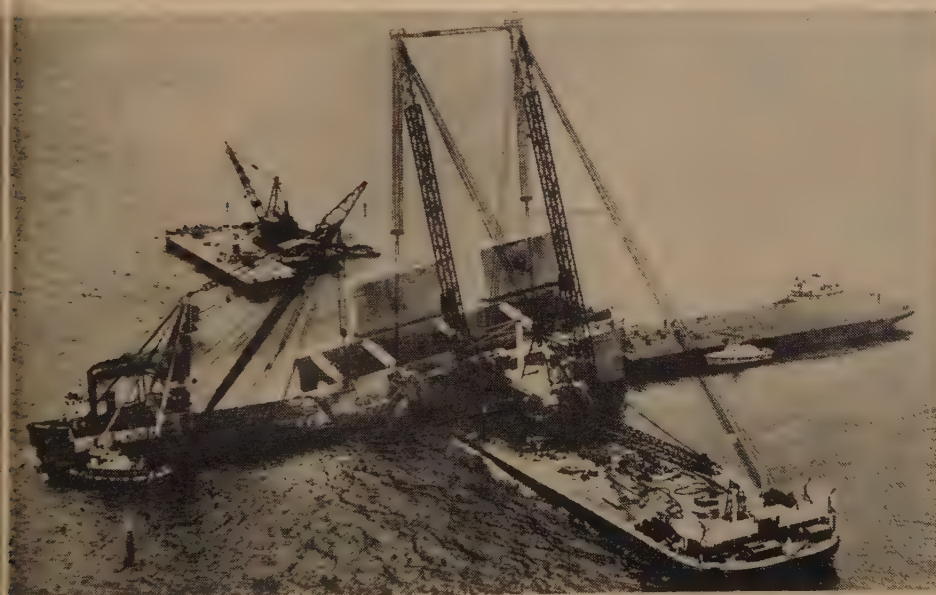
Of the 16 items cited, just two require the same amount of working time today as they did five years ago: bread (six minutes for a one pound loaf) and gasoline (nine minutes for a gallon). Potatoes and haircuts were the only consumer items charted which showed increases over time.

(Continued on page 31)

Only STEEL can do so many jobs so well



Swampland Bucket Brigade. This cable tramway stretches through 3½ miles of Georgia swamp, hauling clay to the plant of a brick company. The buckets are carried on an endless 30,000-foot length of USS Tiger Brand Wire Rope. In six years, the tramway has carried over a million tons of clay; it has reduced hauling costs by 66%.



The Greatest Lift In the World. That derrick is lifting 800 tons of dead weight—an all-time world record. The total uplift being exerted is over 1300 tons. To build the derrick and barge required about 2000 tons of steel, and 40 tons of welding rods were needed. Nine miles of Wire Rope are used in the rigging of this equipment.



The Beauty Is More Than Skin Deep. Look at the doorway for a minute. It is made from lustrous, permanently attractive USS Stainless Steel. This is the entrance to a research laboratory that is in constant use. The Stainless will stay bright indefinitely, since the surface beauty goes all the way through. Stainless is hard, too, so it won't dent and scratch like softer metals.



This trade-mark is your guide to quality steel

UNITED STATES STEEL

For further information on any product mentioned in this advertisement, write United States Steel, 525 William Penn Place, Pittsburgh 30, Pa.

AMERICAN BRIDGE...AMERICAN STEEL & WIRE and CYCLONE FENCE...COLUMBIA-GENEVA STEEL...CONSOLIDATED WESTERN STEEL...GERRARD STEEL STRAPPING...NATIONAL TUBE
OIL WELL SUPPLY...TENNESSEE COAL & IRON...UNITED STATES STEEL PRODUCTS...UNITED STATES STEEL SUPPLY...Divisions of UNITED STATES STEEL CORPORATION, PITTSBURGH
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SEE the United States Steel Hour. It's a full-hour TV program presented every other week by United States Steel. Consult your local newspaper for time and station.



How Serious Is Inflation?

By THEODORE V. HOUSER

Here's a cogent analysis of inflation that points out the many benefits existing in today's economic picture

There seems to be no question that we are in an inflationary period but there is much dispute as to how serious the trend is and what we have done and can do about it. This article, which is digested from an address by Mr. Houser, chairman of the board of Sears, Roebuck and Company, is a cogent analysis of inflation and business conditions. It is based on his experience with a company that has close relations with thousands of manufacturers of almost all kinds of consumer goods which it sells in every state to urban, small town and country customers.

—The Editors

THE various ways of measuring inflation are primarily those statistics which the government started in certain forms many years ago. Some series such as the Bureau of Labor Statistics Consumers' Price Index and the Wholesale Price Index date from 1890 and 1918, years when 32 per cent of the population lived on farms, working from sunrise to dark, raising foodstuffs for the nation.

The rest of the population worked such long hours and at such low rates of pay that they had neither time nor money to buy much beyond the basic necessities of life. "People's Capitalism" as we know it today did not exist. If there had been no technical progress multiplying the physical output of each hour of work, then these older statistical measurements would be entirely applicable.

What Is Inflation?

What is inflation? Most people relate it to the overall purchasing power of the dollar, although there are important viewpoints which measure it in terms of total monies and credits. Overall purchasing power implies purchasing all manner of things by all manner of people. I find it helpful to classify our American life into a number of groups, each with a common denominator. The first group would comprise all those who have to do with nontangible matters. It represents a segment of our people who do not produce any tangible goods measured by existing statistical methods. One of the ironies of the day is that our accomplishments in the field of material goods have been so emphasized throughout the world that few people realize the magnitude of accomplishment in this nontangible area.

Between 1940 and 1950, while the

experienced labor force was increasing by 13.5 per cent, the number of clergymen increased 20 per cent, the number of social and welfare workers 24 per cent, and the number of writers of all types by almost 39 per cent. The number of artists grew by 29 per cent, librarians by 16.5 per cent. While the number of elementary and secondary school teachers failed to keep pace with the work force, personnel in colleges and universities increased by almost 66 per cent. While the number of physicians has not increased as rapidly as the work force as a whole, dentists, nurses, and specialized technicians have increased from 50 to 166 per cent.

During the last five years, the gross national product increased by only 37 per cent, but capital expenditures from private sources for schools went up 67 per cent, and public school capital expenditures increased 116 per cent. Capital investment connected with religious activities has grown by 79 per cent, and private and industrial contributions for welfare expenditures are up 94 per cent.

Now, what has this got to do with inflation? An underdeveloped economy could not afford such a nontangible effort. It would be primarily concerned with the basic needs of providing food, clothing, and shelter for its people. If an economy such as ours is to devote 18.5 per cent

One of the new products which the author says has enriched American life in the last decade is television. At left the young lady is forming a tube for an RCA color TV set, the latest "enrichment" to our way of life

Radio Corporation of America Photo

of its total output of goods and services to areas such as this, doesn't the production of tangible goods have to be at a level of efficiency to permit it, and must not its wage and material cost — in fact, the whole pricing structure of the tangible economy — contain the margins which will support expenditures at this high level? We participants of a free society can take more pride in the accomplishments of our present social order in this direction than in its purely material achievement. Since we measure the dollar's value primarily by various price indices of tangible goods, shouldn't we recognize that some portion of this overall spread between raw material in the forest or ground and the final price to consumers is providing for these services? The impact is inflationary if

you use measures for only the costs of tangible goods.

Quite closely related to this first group, in that it also represents a degree of nonmaterial effort, is a second area of major economic significance — that of governmental operations. The activities of government — federal, state, and local — absorb about 20 per cent of the overall national product as compared with 12.5 per cent in 1947. While most of this effort goes into channels which do not add to the standard of living of the people, one should recognize that some proportion should be considered as adding to the tangible wealth benefiting all. Roads, aeronautics, conservation, park services, postal services, research and inspection activities — all are necessary components of our economic life. Of the

remainder, however, national defense is the heaviest load we carry. Last year this item required an estimated 9.5 per cent of the gross national product as against 6.5 per cent during 1947-49.

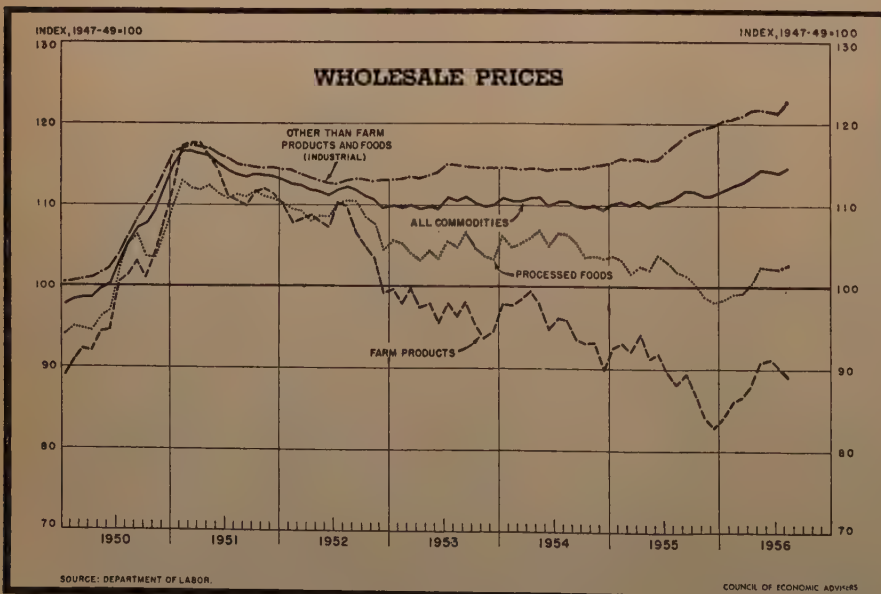
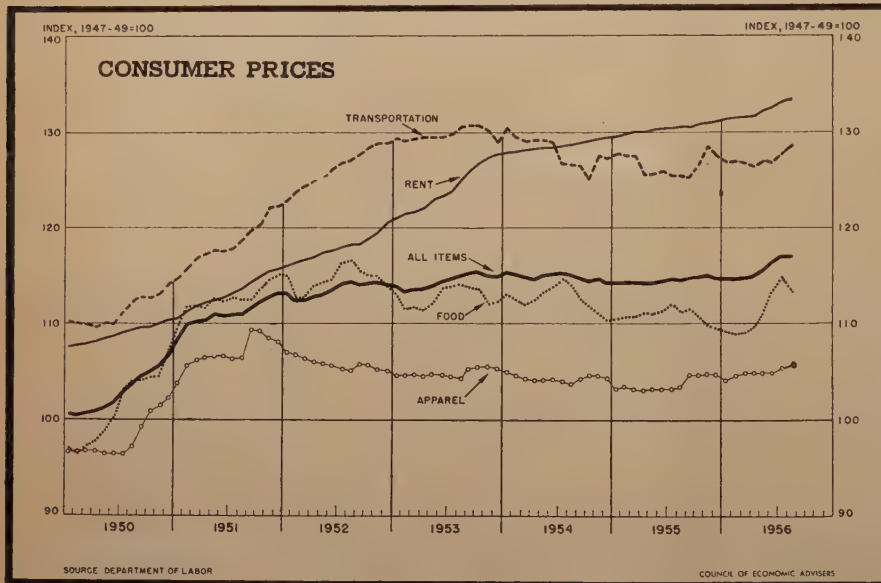
There are approximately 3 million men in the armed services, and almost 1 million civilian workers with the various services. A substantial part of this group would be in the labor force if conditions were such that security required a lesser number. Industries concerned solely with defense are the major contributors to the tight situation in which civilian business finds itself when it comes to the hiring of engineering and scientific personnel. Defense measures also have an effect on material prices. The availability of some metals has been restricted, and the prices of others are probably higher than would be the case if there were no stock piling program.

Thus, in periods of civilian optimism such as at present, with industry operating at or near capacity, inflationary pressures are created which spill over into labor, new material and finished goods prices, and demand for all forms of goods and services. In short, it appears that some degree of inflation, actual or potential, is part of the price paid for adequate national defense.

Third Grouping

My third major grouping would be the production of industrial and commercial facilities, comprising about 10 per cent of the national expenditures. Information in this area is exceedingly meager. A superficial glance at available statistics would indicate a loss in the value of the dollar of about 28 per cent, with machinery even greater. But we have to take a second look. An industrial machine is purchased to perform a given purpose. Investment to increase labor productivity is fully as important as that to increase production volume. The investment which must be made to permit an average employe to have a job and produce ranges from some \$14,000 in our particular operation to \$30,000 and \$40,000 and more in other industries. What about the amount of investment required to eliminate a specific job? A typical manufacturer will invest up to \$30,000 to \$35,000 either to eliminate one job or avoid creating such a job in an expanding business.

(Continued on page 24)





Chicago Campus of Northwestern University



The trek to Abbott Hall for lunch

School Bells Ring Again For Executives

From coast to coast middle and top management men are returning to the campus at company expense for new managerial responsibility courses

THE professor at the blackboard leans comfortably against the chalk shelf and asks in a deceptively mild voice:

"What about the Ballard case?"

There is a pause of silence among the 37 men seated at the angled tables across the room and then one blurts out:

"You mean Milquetoast Ballard?"

A laugh and then a babble of comments rise from the assembly. The man at the board starts to list them in a column: "The dead hand," "Needs a strong man," and "Everyone doing everyone else's job."

He turns to acknowledge the hands raised around the room. He glances at the name cards on the table before each man. It is the first day, and he does not know them yet. By the end of the week he will not need the cards.

"Ken."

"Well, the president hasn't learned to delegate authority."

The professor turns to write, then

The author is public relations officer of the Illinois Central Railroad and recently completed the management course of Northwestern University which is discussed in this article

By CLIFF MASSOTH

hesitates and turns back to face the class.

"All right," he says, "now what about those textbook terms? Have any of you men tried to delegate authority?"

The group's laugh has a touch of embarrassment.

Back to School

What is happening in the big classroom is happening all over the country. Groups of business leaders are returning to college. By and large, this is a new phenomenon. These are the kind of men who in their companies are privileged to come back from lunch later than the rest of the office force, who pause at the secretary's desk and ask, "Any calls, Helen?" They have been away from classrooms two decades or more. Their knowledge of the broader aspects of their work generally has come from attendance at conventions where they meet annually to hear "experts" expound. But here

they are back in classrooms in sport-shirts with notebooks opened in front of them.

With increasing frequency during the last half-dozen years, universities have announced courses for middle and top management men in a broad field of study lumped under the general title of executive training. The growth of such courses has been astounding. Exact figures are not available, but there is ample evidence that tens of thousands of upper crust businessmen are being released by their companies for periods of a few to a dozen or more weeks to live and study together at some distant university. In the past, managements largely have felt such men were beyond the need for additional collegiate schooling, but today's managements, particularly those of major corporations, are making a right-about-face.

The man at the blackboard, in this case Dean Richard Donham of the School of Business at Northwestern University, early the first week explains the philosophy of the course.

"You men are pretty well up the ladder in your companies. If you



An Oklahoma petroleum engineer takes the blackboard to analyze a case study. In these sessions small groups of students analyze the problem, then compare their solutions with the other groups.

Photos by J. Pettit, International Harvester Company



Relaxation at the end of an afternoon of study. One of the intangible but invaluable by-products of the management course is the association of officers of widely varied companies.

weren't, your companies wouldn't be spending money to send you here. Those various ladders lead to the top. At the top is a cloud, and on that cloud sits your president. He's looking down, seeing all the ladders and everything below. In the next four weeks I want you to learn to climb up on that cloud. I want you to think like a president. I want you to wrestle with the same problems he does."

The training program which is being "bought" by more and more companies is one which calls for company officers to go to school for several weeks, during which time they live on campus full time. In this sense, the new managerial responsibility courses differ widely from the

older concept of night school and correspondence courses. In the latter, the individual sought personal improvement in special fields on his own time and money. In the new courses, the company usually foots the bill, and instead of expecting their man to come back as a better specialist, hopes to find him a better general officer.

Free to Study

Living full time on campus makes it possible for a busy company officer to almost completely insulate himself from the pressures of his daily job, and, in some cases as important, from the demands of home. With no phones to chain him to of-

fice, plant or home, the businessman in college is free to turn to study and discussion of the larger aspects of the economic man.

The granddaddy of the management courses is the famous 13-week Advanced Management Course offered by Harvard University each fall and winter. The program was first launched in 1942 as a War Production Board re-training course. It was at Harvard that the "case study" method of study was developed, a method which forms the basis of study at many of the schools today.

The Harvard course follows a program similar to that offered graduate students seeking an M.B.A. degree. Thirteen weeks, however, is a long time for a busy executive to be away from his desk. Other schools, watching the Harvard experiment, felt that many companies might be interested in a condensed course.

A New Direction

The leading innovator in the field probably has been Northwestern University. Its business school dean, Richard Donham, left a successful business career to return to university life. He had some strong opinions on the need for a new direction in business courses. Early in 1949 he and his associates began thinking about a program for executives. At the time, Harvard with its history-making course was the major school in the field. Donham and his staff took a full year to ask themselves such questions as: Why does a company send a man to college? How long can they spare him? How much will they pay?

In shaping up the course, personal calls were made on some 200 businessmen and letters written to 1,700 others. The consensus wanted a four-week course, and they liked the idea of a management course from the viewpoint of the top executive as against the traditional combination of specialist courses.

It was Donham's experience that company officers of necessity gain their major experience in some one department, and in the process become excellent specialists. In their climb, however, they put on blinders that shut off their view of the broad picture. Northwestern's problem, he reasoned, was how to stretch the mind of the specialist.

The Northwestern technique is a

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Will People Buy Your Product? Why?

More and more firms are seeking the answer to "why?" and are finding it holds the key to additional sales

By **PHIL HIRSCH**

ONE of the traditional enigmas perplexing the typical company president is why a top-quality product that is priced right, marketed scientifically, and advertised widely isn't able to sell as well as it should. To answer this question, a firm often will conduct a deep and penetrating analysis of its operations. Everyone from the chief engineer to the sales manager will be called in and asked how the wall-flower's personality rating can be increased.

These discussions are apt to shed little light on the problem, however. For instead of looking at the product, it is quite likely that the company should be looking at its customers. In recent years, a large number of firms have been doing just that, with the aid of a new market research tool known as "motivation research." In the process, they've come up with some surprising—and useful—answers to the age-old question: "Why does the customer buy one brand instead of another?"

"Motivation research is a way of looking at your product through your customer's eyes," explains an official of J. Walter Thompson's Chicago office. "It's market research, but in a new dimension."

Instead of trying to identify the customer or prospect by geographical location, income and family status, motivation research tries to identify him according to emotional attitudes. It assumes that every individual has a mental image of himself that contains certain dominant personal attributes. A woman, for example, may picture herself as an expert, hardworking housewife and mother; a man might think of him-

self as important and successful. There are innumerable other attributes. The experts use these words to describe some of those they run into frequently: "conservative"; "young"; "masculine" (or "feminine"); "aggressive"; "intellectual."

The important point for advertisers is that, whatever the mental image, the person buys those products that fit the picture. The "successful, important" man, for example, may buy a Cadillac instead of a Ford. The "expert, hardworking" housewife may bake her cakes from scratch because she feels that women who use mixes are really too lazy to take their domestic chores seriously.

A Key Role

Advertising, of course, plays a key role in determining the customer's attitude toward the product. If a beer ad contains a picture showing a group of workmen in overalls standing at a bar, the product will appeal to one type of customer. If, on the other hand, the same beer is pictured in the hands of a well-dressed husband and wife who are relaxing in the comfort of their tastefully decorated home, the appeal will be quite different.

By studying the customer, motivation research specialists are able to tell what sort of appeal is needed to sell a given product to a given group. As a result of their findings, advertising, public relations, packaging, even the design of the product, can be modified accordingly.

Does motivation research work? The two examples below are typical:

A meat packer was planning to launch an advertising campaign for

a leading brand of bacon. Two ads were roughed out. One was dominated by a large frying pan filled with bacon. In the lower right hand corner was a picture of an attractive housewife. The second ad devoted the same amount of space to the picture of the product, but there was no frying pan. And below, instead of the housewife, the artist drew a man's face, wreathed in a big smile.

Social Research, Inc., Chicago, one of the pioneers in the field of motivation studies, conducted the analysis of these two ads. Several housewives were shown the sketches and asked which one they liked best. An official of Social Research sums up what was learned as follows:

"The most durable reaction to the first ad was one of negative resistance and negative feelings. By placing the pan over the woman and dwarfing her, a happenstance error, the artist brought into focus those aspects of cooking which are tolerated with displeasure. The position of the pan symbolically expressed to housewives that unhappy state where the job runs her, not vice versa.

"In the second layout," he adds, "the task of cooking is minimized by the pleasure her husband gets from eating. She isn't reminded of standing over a hot stove, handling a hot and heavy skillet, greasing up a kitchen. She is invited to imagine a big dish of crisp bacon bringing smiles to her husband's face. In other words, the second ad doesn't make the reader think of cooking bacon as a chore, but instead stresses the gratification she will receive."

Another case history involves a coffee manufacturer who was unable

(Continued on page 42)

European Shippers Making Big Plans For

This firsthand report shows Port Chicago will bustle but misconceptions



Chicago Sun-Times Photo

As part of Chicago's preparation for the coming influx of foreign ships, the North Western Railroad has extended its tracks to service Navy Pier. Above, the new tracks with the pier warehouse in the background. Ships dock directly back of the building

By WILLIAM E. SCANLAN

IMPORTERS, exporters, shippers, shipowners, bankers, shipping agents and other prospective users in foreign lands of the St. Lawrence Seaway are very much aware of Chicago; but their knowledge varies all the way from an encyclopedic awareness of our port development plans to outright misconceptions. Without exception, foreign traders throughout Western Europe predict that Chicago is destined to become the world's No. 1 inland port — and that industrial growth should flourish in the areas adjacent to the port facilities and along the barge route of the Cal-Sag channel.

The author is assistant vice president and manager of the foreign department of the Pullman Trust & Savings Bank. This article is based on his recent trip to numerous port cities in twelve countries in Western Europe.

However some individuals are not aware of the wide diversification of industry that now prevails in Chicago. A key individual in a steamship agency in London, for example, said "I realize Chicago is a big city, but when you speak of industry in the United States, you really mean Detroit, Cleveland, or possibly Milwaukee, don't you?" He seemed surprised to hear about Chicago's reputation as the U. S. city with the widest of all diversification, the center of the railroad, steel, and a wide variety of other industries.

Another pointed out that Milwaukee's heavy crane must mean it is a center for heavy industry. This individual had not heard that the Chicago Regional Port District expects to have a 100-ton floating crane in operation in the spring of 1957,

similar to the DeMag's operating now in Hamburg, London and Antwerp. He also did not know that American Shipbuilding Company, in Chicago, can handle heavy lift operations at the present time.

Planning Operations

Foreign shipowners are already making plans for operations to Chicago when the St. Lawrence Seaway is completed. Erich Bechtolf, chairman of the board of the Hamburg American Line, Hamburg, said that the directors have already decided to enter Great Lakes Service. Mr. V. Goyens, managing director of the Agence Maritime Internationale Antwerp, said the same. Jhr. Henr. Reuchlin, Secretary of the Holland American Line, Rotterdam, indicated they, too, will enter the service.

Additional shipowners in Oslo, Gothenburg, Stockholm, Manchester, Dublin and Bremen said they will expand services when the Seaway is completed. Most of them are now building or considering plans for building ships especially suitable for the Seaway.

The Agence Maritime Internationale, Antwerp, plans to send a retired ship captain to tour the Great Lakes and develop a complete report on its potential. A Gothenburg line is building ships for the same service. The action to date of foreign steamship lines to definitely enter Great Lakes Service indicates their long range estimate of the Chicago-Great Lakes potential. However, three shipping officials wondered if there may be too many lines operating, but they definitely don't want to overlook the opportunity to get in quickly. There is also the possibility of joint service between two or more lines.

What about the acceptance of U. S. goods in Europe? In virtually every city, U. S. goods are accepted, except when that country manufactures identical items. Even then, U.

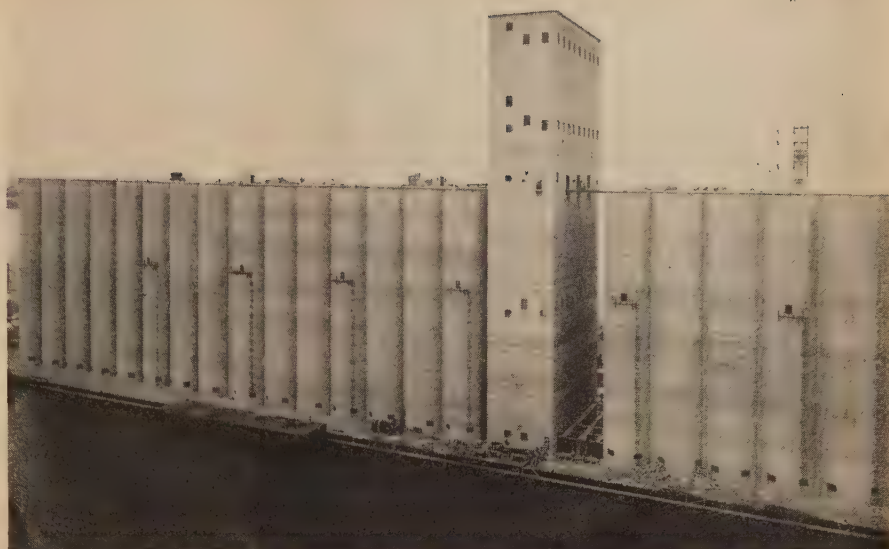
Port Chicago

bound abroad

Items are wanted, but the cost is generally too high. Food items, labor saving machinery, and household machinery are the most talked about kinds of goods wanted by foreign importers. Western Europe traditionally looks to the U. S. for food. The labor-saving machinery is needed because of labor shortages and increases in salaries. Northern and western Europe are "importing" laborers from Southern Europe. Increased installation of gas for power and increased buying power encourages purchase of household machinery.

One important way Chicago exporters can reduce prices is by direct shipments. A shipowner in Stockholm said, "Exporters in Chicago will benefit if they will rearrange their sales efforts and quote free on board, Chicago or free alongside ship rates (f.o.b. or f.a.s. Chicago), in order to give foreign importers an opportunity to compare transportation costs from Chicago with those of other ports in the United States. We in the steamship business know the charges are less, but most of the importers

(Continued on page 46)



All photos courtesy of De Leuw, Cather and Company, Engineers

Facilities for storing grain near completion as part of the Lake Calumet Harbor project



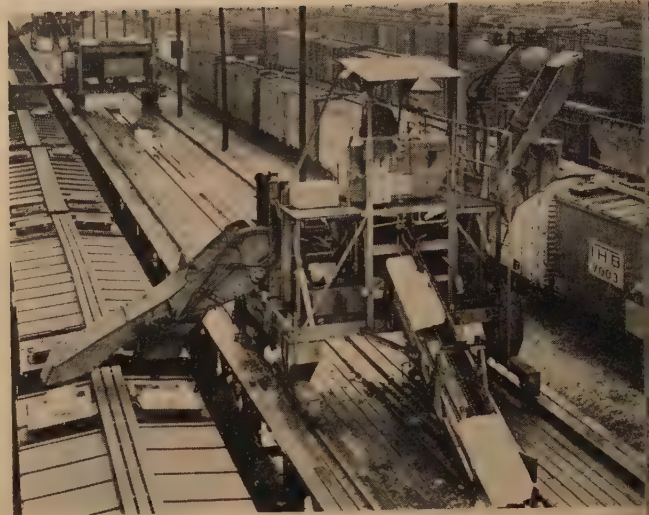
Warehouse facilities at Lake Calumet Harbor, completed this year, are already in use



Four foreign ships dock at Lake Calumet Harbor, still under construction but open for business



A man-made storm envelops the USS Purdy in this view looking toward the stern of the destroyer. The ship is employing its new washdown system which employs a protective, cleansing spray, drenching all exterior surfaces above the waterline to wash away lethal radioactive particles. The system is based on vinyl plastic pipe made from B.F. Goodrich Chemical Company's Geon resin.



Re-icing railroad refrigerator cars in less than a minute, the new Link-Belt unit travels along its own track on an elevated dock, pausing briefly opposite each car bunker to deliver ice. Behind the icing machine are a salting machine and another icer. Three of these machines at the Blue Island station of City Products Corporation can re-ice 1,400 cars a day.



Robert Taylor, right, director of Structural Clay Products Research Foundation, points out a twisted steel rod to Paul Johnson, deputy director of the Foundation, after a test explosion within this eight-sided structure. The tests were conducted by Armour Research Foundation of Illinois Institute of Technology to determine how buildings constructed of masonry materials will resist blasts from atomic and hydrogen bombs.



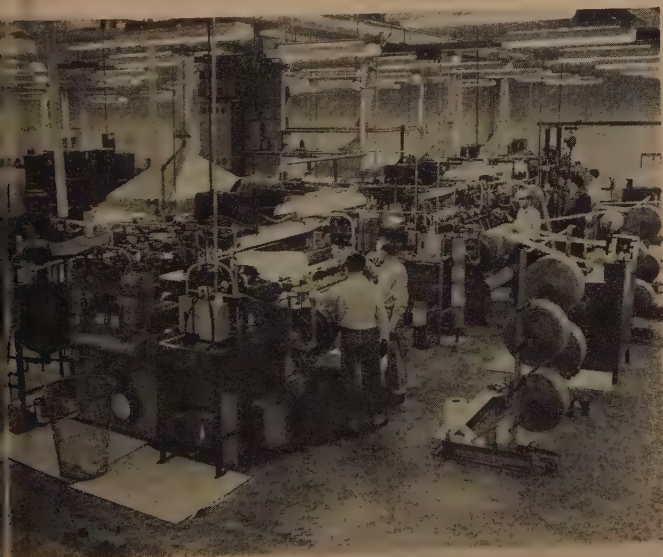
A radioactive cathode ray tube, one of the electronic components undergoing tests for the Air Force in Admiral Corporation's new nucleonics laboratory, is held gently by a remote control manipulator operated by an engineer outside a "hot cell" room. The operator has a view of test chamber through a special glass window.

Highlights

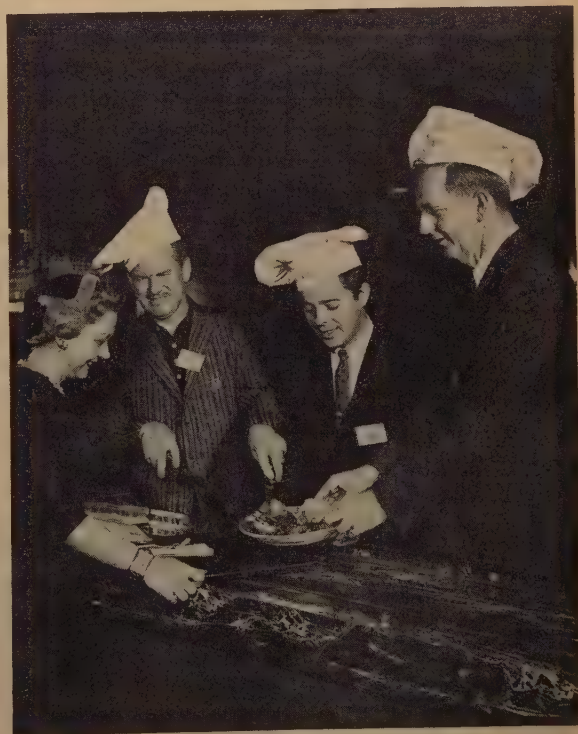


This is the 25th anniversary of Caterpillar Tractor Company's introduction of the modern, mobile heavy-duty diesel engine. Above, after 25 years of work, the first Caterpillar diesel powered, track-type tractor ever produced is still delivering power for the Quincy Lumber Company, Inc. of California. This was the first application of diesel engines for mobile use.

Machinery in the carbon plant of the newest addition of Ditto, Inc., in Chicago suburb automatically turns out 60 to 70 thousand lineal feet of Direct Process carbon paper every work shift. To safeguard quality, the area is sealed off from the rest of the building with controlled temperature and humidity. According to Ditto officials, it is the only carbon plant in the industry with this type of quality control.



President John E. McKeen (right) of Chas. Pfizer and Company, Inc., and Chicago Alderman Alfred J. Cillela cut ribbon at dedication of company's new Midwestern Distribution Center, 6460 W. Cortland Street, Chicago. Looking on is Joseph F. Hanlon, branch manager. Of modern design, the Center has 100,000 square feet of warehouse and office space and is equipped with special material handling devices.



Owners (left to right) Don Townsend, Al Key and Neal Townsend donned chef's hats at the opening ceremonies of their new Chicago restaurant, Tad's, 167 N. State Street, to serve Miss Lynne C. Gunderson the house specialty, a steak, baked potato, salad and French bread. Served cafeteria style, the "steaks only" tab at Tad's is \$1.09. The three partners also operate two similar restaurants in San Francisco.

Industry Assuming a New Role: Wooing

Companies want to know the little woman at home better and they want her to

By **MILTON GOLIN**

THAT song line about "standing on the corner, watching all the girls . . ." is more than a passing phrase these days for U. S. industry.

To many firms it is a deadly-serious way of corporate life; some feel the line should start off, "standing at the crossroads." For that is where many firms are finding themselves as they make an all-out pitch to the wives of their employes — from the new "junior executive trainee" to the new vice president.

Many a corporation is looking to the ladies to see how clearly they mirror executive success for their husbands. A Ralston Purina company spokesman puts it this way: "If a wife is unhappy with conditions where her husband works she may influence his work and he may even quit. It costs us \$7,000 to \$10,000 to train a good salesman. We don't want to make this investment if it is going to be negated."

That cash register approach has a two-way ring that sounds in the

home budget box as well as in the company treasury. The "right" wife can be worth a quarter million dollars to her husband, and sometimes much more, according to Dr. Roy A. Doty, vice president of the Chicago management consultant firm of Fry & Associates. He figures that over a period of years her influence can determine whether the husband stays at a \$5,900 job or rises to the \$15,000 level.

A "Right" Wife

What makes a "right" wife? As part of its "management clinic," Fry & Associates each year invites a score or more of corporation executives and their wives (at \$300 a couple) to a Southern hotel-mansion for five days of intensive business discussion including that question. An industrial psychologist there suggests that the "ideal" wife for a corporation executive should have a college degree, some business experience, a

background similar to her husband's and should be able to represent her husband in his community and in his church — in much the same sense that business subordinates are delegated some of his office jobs.

At this point a significant controversy develops. It is sounded as aside by one woman at the clinic: "Haven't we let business dominate our lives too much?" A businessman pipes in: "We show a lack of basic philosophy."

Some corporations are ultra-conformists demanding executive wives having specific backgrounds, "correct" viewpoints on a variety of topics ranging from politics to birth control, and the "ability" to think, say and do the proper thing at the proper time.

One corporation, pretending no interest in a man being considered for a job with its synthetic rubber plant in the South, hired a New York detective agency to go to Buffalo to check on his wife. The company



What makes a "right" wife? That's one of the many topics discussed at the annual "management clinic" staged by George Fry & Associates for executives and their wives. Above, left, lively discussions are as much a part of lunch as they are classroom fare, right.

Workers' Wives

know the company better

wanted to know her politics, her housekeeping habits, neighbors' and friends' opinions of her, whether she gossips, how she spends her leisure time, and whether she and her husband ever are heard to quarrel.

Another firm asks wives to take psychological tests before admitting their husbands into the company "family." One "right" wife commented: "Every time I go with Bob I feel I'm being sized up and my debits and credits checked off."

Stakes Are High

And yet the stakes are so high and the competition so keen in the executive talent market that top management often finds that it simply must place a budding executive's wife high on the list of his qualifications. The Container Corporation of America requires all of its vice presidents to get acquainted with their subordinates' wives so that when a man comes up for promotion there is a file on the family's health, the wife's housekeeping skills, and her taste in dress.

On the other hand, some companies, after painful experience, have adopted a hands-off attitude toward the wives of all employees. One firm even takes what might be called an anti-wife attitude. Instead of trying to play cupid to a faltering marriage, this company has a policy of sending executives away on extended trips if they need to be separated from nagging wives.

Separate research by psychologist Lewis M. Terman and by Stanford University shows that husbands in 2,300 marriages rank nagging as the worst fault a wife could have. Mrs. Dale Carnegie tells of one starting salesman whose wife would greet him at night with: "Well, how's the boy genius? Did you bring home any commissions or just a lecture from the sales manager? I suppose you



"This portion of company income goes for taxes," Kay Metz, specialist of The Quaker Oats Company explains to wives of employees as she cuts up an inexpensive blanket representing gross income. The practical wives are usually a little disturbed with the slicing of a good blanket but it holds their attention as they learn about company financing



Wives of employees of Public Service Company listen at company meeting

know the rent is due next week." He forged ahead through the years by sheer ability, and is now head of a large firm—but that wife is not at his side; he divorced her and married an affectionate woman eager to help in his future.

A self-made millionaire publisher and industrialist from Jackson, Mississippi, R. E. Dumas Milner, says: "The complaining woman can toss a cloud over the brightest of days—and the brightest of men." Another executive says: "A wife can literally meddle her husband right off the payroll by advising, by interfering, by influencing him against people he works with, by complaining about his pay, his hours and his duties."

Milner meets the wife of every

man he considers for a key job, to look for "anchor-dragging at home." He says: "It hurts to discover that a good man has married the wrong woman but he still deserves a chance. If he can keep his wife under control successfully, he can keep his job. It's too bad if a man's worst mistake turns out to be his wife."

On the opposite side of the controversy over alleged wife "standard-setting" by American industry, other businessmen who make it a policy to screen their executives' wives argue that a woman is a definite asset to her husband as well as to his company when she understands her role as his public relations agent, as a gracious entertainer, as a sounding

(Continued on page 38)

How Serious Is Inflation?

(Continued from page 14)

ness. If our whole economy were static, this would be a very unfortunate situation in some respects. In an expanding economy, it means that an individual is transferred to other necessary performance, and thus the whole economy gains in productivity per man hour.

Now, these cost statistics of capital goods give very little effect to the improved efficiency and greater speed and higher output of today's equipment as against former years. For example, a modern 80-inch hot strip mill, producing 3 million tons annually, costs approximately \$75 million and requires a labor force of 350 men on a 24-hour basis, including a finishing department, warehouses, and shipping room labor. To get 3 million tons of production an-

nually from the old type hot sheet mill would require an investment of \$100 million and a labor force in the mill alone of 8,400 men on a 24-hour basis.

The utilities furnish another example of this point. While costs of generating equipment have increased well over 50 per cent, the capacity of the equipment has grown so that since 1947 the investment per unit of output of a typical installation has increased only 18 per cent, but the added efficiency of this new equipment in operation has been such as to effect a 14 per cent reduction — not increase — in the generating cost.

In the textile industry, certain types of knitting machines have increased in cost 53 per cent since 1948; but these new machines produce 80

per cent more units. These same facts can be developed for industry after industry. So, while costs have advanced greatly, measured on a per unit of equipment basis against former years, the picture is quite different when considered from the standpoint of cost per unit of output. Against this, building costs to house such equipment have increased almost 40 per cent.

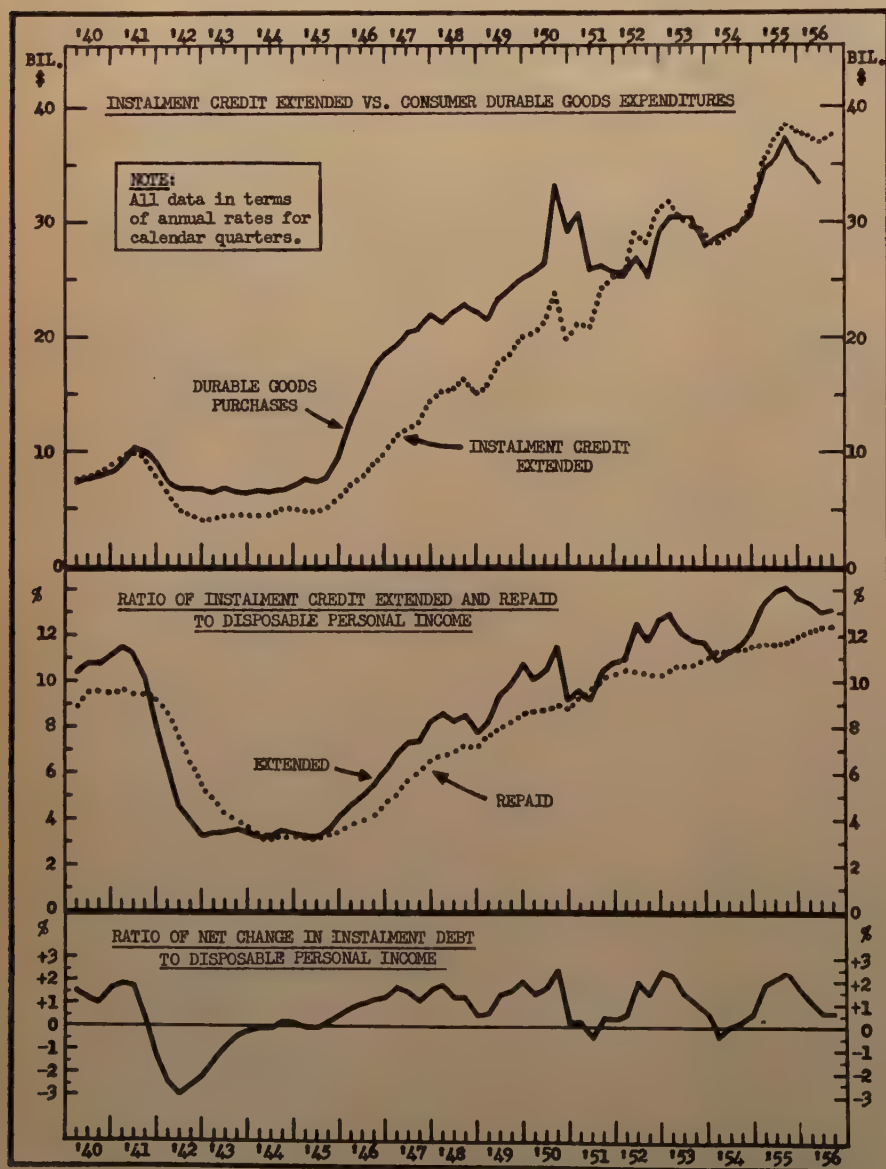
If we are to draw conclusions about inflation, doesn't this point up the need for clarity as to definition? I do not know how to appraise fully the fact that the hourly earnings rate for those concerned with the production of commercial and industrial facilities has risen about double the percentage of the increase in prices since 1947-49. How serious can such a worker be about the overhanging threat of inflation when he measures his well-being by what one hour's work will buy?

My fourth classification is the largest — about 40 per cent of the national effort — consisting of the production and distribution of consumer goods. Again statistical sources would group the wholesaling and retailing function alongside a barber or a housemaid as a so-called service. Goods obviously have value only as made available to the person in need at the time and place of such need.

Korean War Boost Prices

According to the Bureau of Labor Statistics, retail prices of consumer goods are some 17 per cent higher than the 1947-49 average; but most of that increase occurred during the Korean War.

Sears has maintained for many years a running index of some thousands of catalog items. In many ways it is one of the most authoritative indices of general merchandise prices. Today this index is three percent above the 1947-49 average, while a year ago it was exactly the same. In 1952-53 it was four per cent to six per cent above. Thus consumer goods in the nonfood categories show a slight inflation despite severe competitive conditions. A minor cause is a tight supply and demand situation for some materials. A major cause is wage adjustments in excess of productivity, so that the classic division of the results of technological progress between worker, owner, and the customer has broken down. Some day our labor



How Highway Engineers Are Solving America's Highway Crisis

America has outgrown its highways. There are 58 million vehicles jammed onto a road system designed for half that number. No one foresaw the tremendous increase in weight, volume and speed of traffic—developments that make yesterday's good roads congested and hazardous for today's traffic.

That so many of the concrete roads built in the '20s—and even earlier—are still serving is a tribute to engineering foresight and the durability of the pavement.

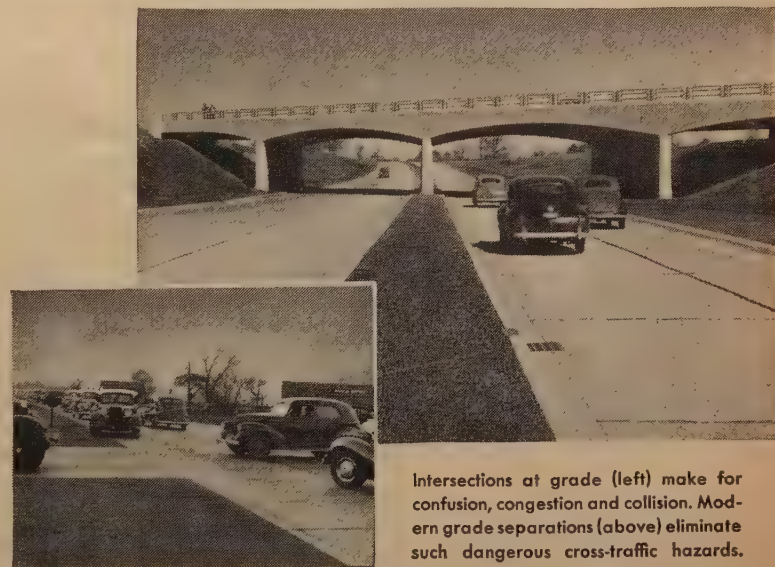
Now a new generation of highway engineers faces the gigantic task of redesigning and rebuilding the nation's roads. Behind the men who'll meet this challenge are years of scientific research and engineering analysis—the teamwork of engineers and scientists in colleges, government, the Portland Cement Association and other organizations. This cooperation has produced the knowledge and skills to build safer and more durable concrete roads than ever before.

In the next 10 years billions of dollars will be invested in a nation-wide highway improvement program now being planned. Needing attention first are 40,000 miles of roads designated by Congress as the Interstate Highway System. Only about 1% of the country's road mileage, this network carries 20% of the rural traffic and connects most of the nation's large cities. These routes are America's lifelines. Over them flow goods and services essential to the national welfare and defense.

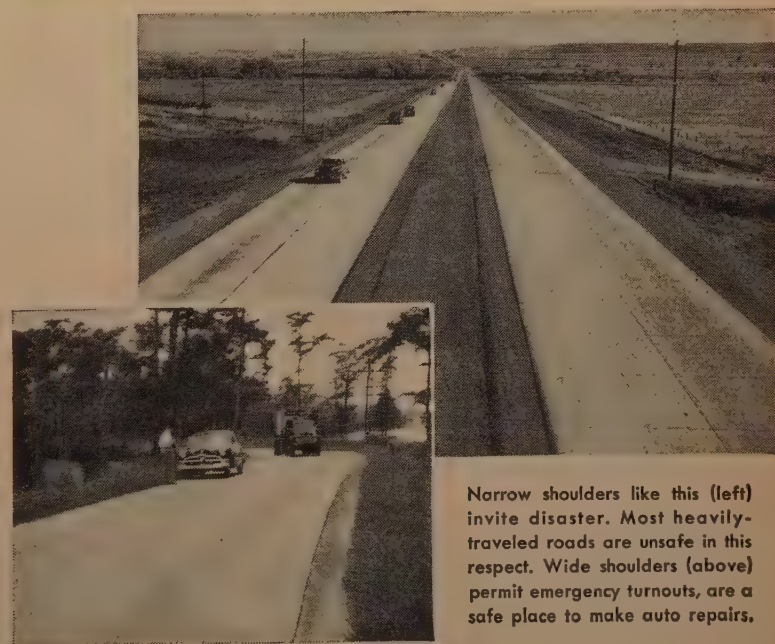
In redesigning and rebuilding the Interstate Highway System the highway engineer's goal will be safe, economical roads. Using **low-annual-cost** concrete, the safety pavement, will help him achieve this goal.



Today's wide vehicles can barely pass on the narrow 16- and 18-foot pavements (above) built a generation ago. To be safe for today's traffic the pavement on all principal highways should be built 24-feet wide, as shown at left.



Intersections at grade (left) make for confusion, congestion and collision. Modern grade separations (above) eliminate such dangerous cross-traffic hazards.



Narrow shoulders like this (left) invite disaster. Most heavily-traveled roads are unsafe in this respect. Wide shoulders (above) permit emergency turnouts, are a safe place to make auto repairs.

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leaders will realize that workers as a whole are mature, sensible people who pay their debts, have a sense of personal responsibility, and have a deep sense of fairness and justice. They don't expect their leaders to do the impossible, and they know what is fair and reasonable.

Consumer goods indices are generally accepted as indicators of inflationary movements. They do have significance on a strictly year-to-year basis; but if one compares today's index with that of ten years or more before, certain elements must be understood. We have seen a great wealth of new products which have

enriched American life—the home freezer, power lawn mower, power garden equipment, automatic electrical devices for food preparation, dishwashers, food waste disposers, television, automatic washers and driers, home power tools, and air-conditioners. These new products are introduced into a price series after they have gone through an early development period and when their price has presumably been stabilized through attaining reasonable mass production. Since we are constantly adding far more products than are being discarded, the result is a price figure today which contains many

very important products not contained in the figures for the past years. Thus, comparisons made with earlier years do not reveal the range of today's products which have a marked effect upon our social and economic life. For instance, who knows how many of the almost four million women who have been added to the labor force since 1947 became available because of the automatic labor-saving facilities in their homes? As these sensitive indicators of inflation rise, how much weight should be given to this anti-inflationary release of productive labor?

Regardless of the degree of inflation in nonfood consumer goods, it is clear that there has been some inflation in the food components. We all know that the farmer is the under-compensated individual of the day, but consumer food prices have not shared the decline of farm produce sold by the farmer.

Technological Improvements

Great technological improvements in the food industry have occurred. We have seen in the last ten years the frozen food development, the ready mixes, improved packaging of perishables, the pre-cooked foods, and dehydrated goods. In 1955 food expenditures equaled 25 per cent of personal disposable income per capita. This ratio has changed from 23 per cent in the latter half of the 1930's to a high of 27 per cent in the immediate postwar years. If the quantity and character of food consumed had remained unchanged from the earlier period, today's per capita expenditure would be only 16 per cent of disposable personal income. Thus the spread of nine points represents greater quantity improvement in type of diet, and the greater ease of preparation introduced by the processor.

The Bureau of Labor Statistics Index measures a constant market basket, so it does not take these changes fully into account. Since a very significant part of food processing has gone in the direction of making the preparation of meals in the household quicker and easier, the release of women for productivity in the economic role is made possible. Thus the very tendencies which cause inflation as measured also set up counterinflationary measures.

Let's take a look at the fifth group agriculture, an activity which con

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tributes 5.2 per cent of the gross national product. Since 1940 the farm production man-hour efficiency has increased by 78 per cent against the 23 per cent achieved in the same period by industrial workers. Mechanization of farm activities has required that the size of the family farm be larger in order to be economical. Thus, fewer farm families are needed to produce the nation's food and fiber supply. Today farm families comprise 12.5 per cent of total families as against 20 per cent in 1940. In spite of this reduction, there are about 1,500,000 farms whose operators derive 83 per cent of their total family income from outside the farm. This group includes corporation presidents and laborers. Eliminating this group, we find that our truly commercial farms total about 3.3 million. But included in this group are a large number of marginal farmers, so that the final result is that 57 per cent of our commercial farms produce 88 per cent of the value of all farm products.

Anti-Inflationary Change

The net effect of this tremendous technological change tends to be anti-inflationary because in the last analysis, fewer farmers perform the function, and the structure of prices has moved lower than it would have to be if more farm families were required to produce our foodstuffs, while maintaining a decent standard of living for themselves. Contrarywise, since 1947, agriculture has released 1.5 million to industry who are not needed to produce our food and fiber requirements; and, by being absorbed into the industrial scene, their entire industrial production is a net gain to the overall productivity. This, too, constitutes a strong anti-inflationary force.

Residential housing is important enough to be segregated as a sixth group. It constitutes about 3.7 per cent of economic activity as measured by the gross national product. There are two indices privately prepared, which attempt to measure the cost, year by year, of a house constant in physical specifications from the beginning. These figures reflected a cost increase of 19 per cent to 27 per cent in 1956. No allowance is made for possible increased hourly productivity. It simply measures changes in cost of materials and hourly rates of pay; and while this industry is notorious in imposing limitations on pro-



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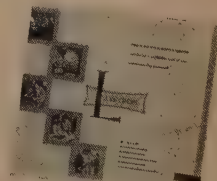
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ductivity, the fact remains that many new materials and prefabricated items developed by manufacturers have reduced the workload in home building. On the other hand, the Bureau of Labor Statistics figures indicated a 59 per cent increase in cost in this same period. However, there has been a persistent increase in the median floor area of homes actually built, so that if such figure is corrected by increase in size, it would stand at 22 per cent above the 1949 average, pricewise, for the same size home. One must conclude that in this area there has been a real reduction in the purchasing value of the dollar.

High Rate of Employment

At present there is a relatively high rate of employment, some 66 million being employed, or 97 per cent out of a total civilian work force of 68 million. On the other hand, there has been a far more rapid growth of those under 18, and 65 and over, than the middle-years groups from which the work force is recruited. In other words, since 1940, the proportion of those too young or too old

to work, relative to those of "productive" age, has constantly increased. In 1940 there were 60 nonworkers for each 100 workers, 73 in 1955, and a projected 79 for 1960. This situation reflects the effect of war years on the population, and lengthened life. This inflationary force is hardly susceptible to correction through monetary or fiscal policies. There may be other ways, however, to offset this pressure. The continued drift from agriculture to industry could be intensified by greater attention from both government and industry. Too much government credit goes to perpetuate uneconomic farm operations. Industry could accelerate its decentralization of manufacturing to smaller towns where industrial employment could thus be made available to many living in rural areas.

The physically disabled constitute another reservoir of workers, who would be available to industry if given proper consideration. All these can add up to a sizeable answer to the inflationary result of the growing number of those too young or too old to work.

Consumer credit is another area of activity suspected of an inflationary

tinge, and it is frequently mentioned as an element of possible weakness in the economy. We have seen unpaid balances for goods purchased on instalment rise from \$4.5 billion in 1939, when they represented six per cent of disposable personal income, to \$28 billion at the end of 1955, at which time they equaled ten per cent of disposable income.

Net Cash Flow

Possibly the experience of my company will be helpful. In 1953 we had a small increase in sales above 1952, all from an increase in credit sales; 1954 was an indifferent year for retailers. Our total sales dipped slightly from 1953, despite a modest rise in credit sales. We had a nominal increase in instalment balances in 1954. One could say that 1954 was a year of consolidation rather than great expansion in the use of credit. Important in the 1954 picture is the fact that repayments on goods previously purchased more than offset the decline in cash sales, with the result the net cash flow from customers actually rose.

The lower level of retail activity and repayments on previous credit sales in 1954 set the stage for an improvement in 1955. Total sales increased \$351 million, with expanding credit sales accounting for about 60 per cent of the gain. The customer balance outstanding at the end of the year was substantially higher. Our cash flow from customers also increased materially, and we had practically as much dollar increase in payments on account of goods previously purchased on instalment as from cash sales themselves.

In the first seven months of 1956, the impact of credit repayments is even greater. Credit sales have continued to expand and accounted for 80 per cent of the \$146 million increase in total sales, with an increase in cash sales of only \$31 million. However, repayments rose \$102 million so that the increase in total sales of \$146 million was handled with only \$44 million more in instalment receivables.

On the national picture, instalment credit sales in 1955 were over \$37 billion, up to \$8 billion over 1954, while repayments were \$32 billion, up to \$3 billion. Balance at the end of 1955 was \$5 billion higher. The year 1955 was admittedly a good one for the automobile industry which is a major user of instalmen-

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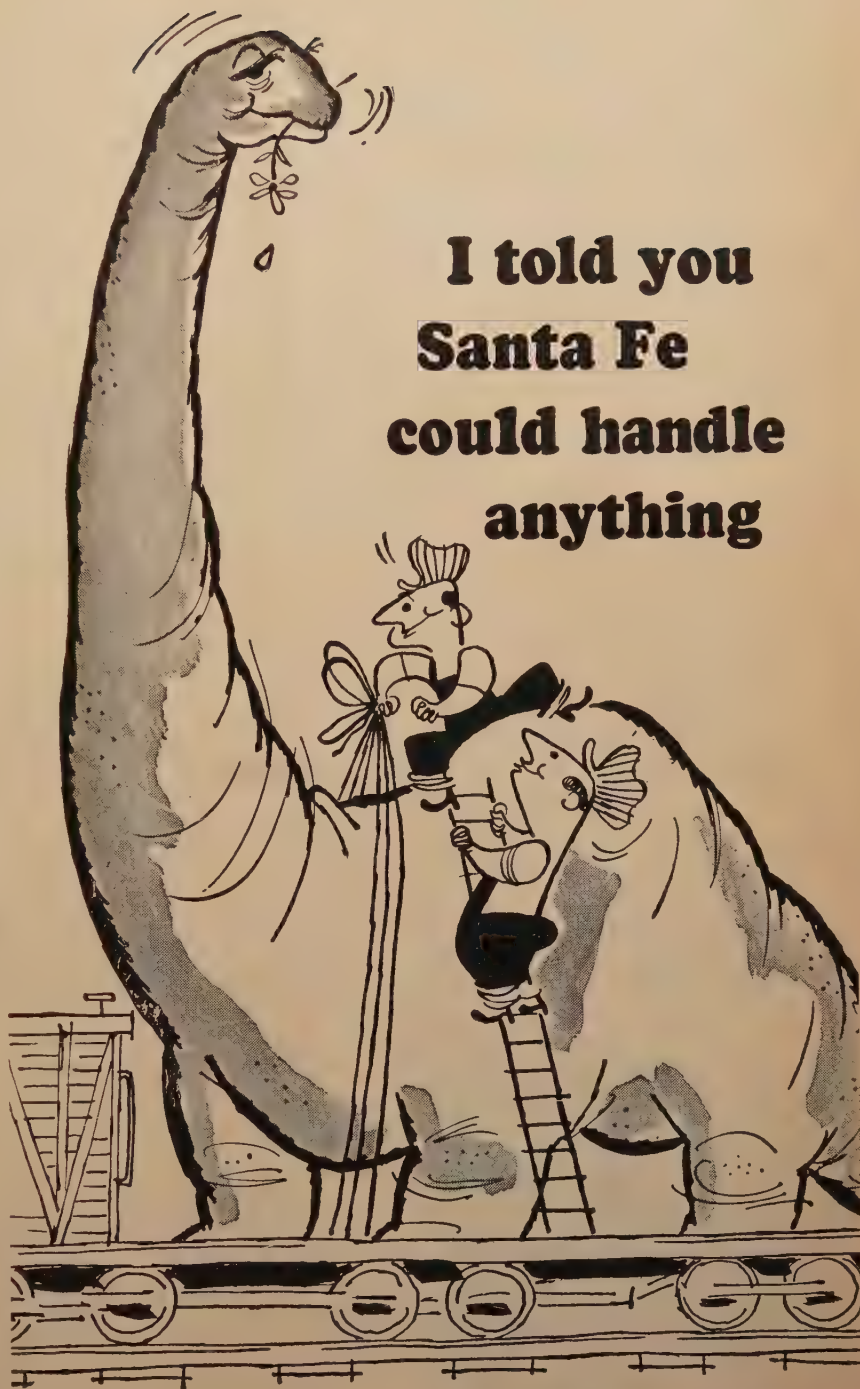
credit; and considerable agitation arose late last year for regulation in the granting of credit because of the rapid rise. However, as is frequently the case when a situation reaches the newspaper headline stage, correction is often under way.

In a dynamic growing economy, a better measure of soundness in the instalment credit field would be to measure the net excess of credit being granted over repayment in terms of disposable personal income rather than to use absolute amounts. For example, in the third quarter of 1955, new credit granted was 14.1 per cent of disposable personal income, whereas repayments were at a rate of 11.7 per cent. The excess of extensions over repayments amounted to 2.5 per cent of disposable income. On three occasions in the past six years, we have seen an excess of this magnitude develop; and each time it has been followed by a sizeable decline. The present period appears to be no exception. Latest figures show credit extensions of 13.1 per cent of disposable income, with repayments at 12.4 per cent, a difference of only .7 of 1 per cent. Thus we have evidence once again that the judgment of the buying public and of lenders is adequate to handle the situation without recourse to direct government controls.

New Phenomenon

Consumer credit is a relatively new phenomenon in economic life, even in this country where its use exceeds that in other nations. It is hard to say how high is too high, although I have just given you a measurement we find helpful in judging the current rate of growth. Almost universally overlooked is the effect it has on cost in the mass production and distributing of consumers' durable goods, such as automobiles and appliances. Without the stimulus it affords, undoubtedly the consumption of such products would be lower, and factory unit production costs would be higher. Experience indicates that the great mass of consumers are prudent about committing future income, and manage their affairs with judgment. The growth of health insurance plans and unemployment insurance gives assurance to such buyers.

If the important role of consumer credit is a relatively new element in the economic life of the country,



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equally new is the part played by insurance and pension reserves. Between 1940 and 1950, American workers have been adding to their store of savings at the average rate of \$6.5 billion per year; and that rate has been growing, reaching \$11 billion in 1955. Total assets in private and public insurance and pension reserves at the close of 1955 amounted to \$160 billion, including Social Security funds and state and local retirement systems. Private pension funds account for some \$25 billion of the total.

Assets of Private Funds

The assets of these private funds have been growing each year at a more rapid rate, increasing by \$3.4 billion in 1955 compared with an increase of \$2.3 billion five years ago. We have an influence of some magnitude here. To the employer, such payments are as real an element of product cost as if such monies were paid weekly to employees. So to the degree that competitive forces respond to production costs, prices tend upward. On the other side of the ledger, these sums are not available for current purchases, but are deferred. Thus there is no offsetting demand for consumer goods represented by this component of cost in manufacturing and distributing goods. Then, too, we have the situation, which very few a generation ago would have thought possible; namely, the working force of the country has become a prime source of investment capital.

Some federal laws such as the Federal Reserve Act of 1914, the Wagner Act, the Taft-Hartley Act and the Employment Act of 1946 also enter the picture. These laws inter-act in curious ways and contain elements of inconsistency. The F.R.B. is charged with the responsibility of maintaining a proper climate for the economic system to operate in, but I have never seen a tight money policy restraining monopoly unions from the exercise of their power. Their taxfree monies get paid in many cases even before rents or groceries. Their wage policies have had a very direct inflationary trend, and the only offset has been high investments by manufacturers and distributors in equipment representing the latest applications of scientific and engineering talents. To the degree that tight money restrains these invest-

ments, the effect is bound to be in the direction of inflation. Or the alternative may well be intensified industrial strife as the infinite force meets the immovable object.

Again, can full employment as a responsibility of government be enforced without a negative influence on productivity and consequent inflation? Australia has practically no unemployment at the moment, but a nine per cent commercial rate for money is not restraining prices. Why? Because any worker knows that no matter how poor his performance, he need only step next door for a job. His employer knows this too. So, we find the Federal Reserve Board following a policy of restraint, which has been criticized as being discriminatory in its effects — housing and small business, to be specific. I know that one must differentiate between availability of money and the cost of money. My comments apply only to availability. I wonder if a more serious aspect of the F.R.B. action is that it operates only on the employer side of the ledger and restrains labor only through an adverse affect on the employer.

The situation gives support to need for a top level economic council with the President as chairman, and Federal Reserve, Treasury, Economic Advisers, Labor, Commerce, and others, represented in order to coordinate monetary, fiscal, and economic policies.

Government Policies

It is too much to expect of government that its policies be consistent, and if there is to be restraint, that all parts of the economy — worker, producer, and investor — be restrained uniformly and equitably? Or do we recognize that the so-called human rights, the rights to a job, are so deeply imbedded in our national psychology that the stable dollar beats a slow and orderly retreat? Visions of the pensioner, of the life insurance annuitant, the classical widows and orphans arise.

The pace of inflation is not as rapid as most people commonly believe. Furthermore, our economy provides many important benefits as an offset to part of whatever has occurred. Even so, there is a slow and seemingly irresistible inflationary trend. Are we not at a point where some appraisal is needed as to the probable rate of further dollar de-

preciation resulting from the complex of forces outlined and including federal policies relating to full employment, labor, monetary and fiscal matters?

If the present trend really is inevitable and the rate one to cause hardships to many in short periods

of time, the alternatives seem to be either the development of controls not now in existence to hold the line, or profound changes in the whole concept of pensions, insurance, and annuities, to take such dollar depreciation into account.

Trends In Business

(Continued from page 10)

five-year period. To buy a ten pound sack of potatoes, the worker had to work 19 minutes in 1951. Now he must work 26 minutes or 36 per cent longer. A man's haircut is up from 40 to 43 minutes—a rise of seven per cent.

• **Railroad Outlook Bright** — Within ten years the nation's railroads will be carrying annually 880 billion ton miles of freight, including Piggyback, an increase of 41 per cent over the total ton miles carried in 1955 predicts Edward O. Boshell, Chairman of the Board, Westinghouse Air Brake Company. By 1956 the estimate is for rail freight to comprise 49.8 per cent of the total

of all freight for that year. Car miles hauled by locomotives should, by 1965, account for 1.3 million car-miles compared with 1955's 1.1 million car-miles per locomotive. To haul the expected freight and passenger traffic, some 16,000 "active" locomotives will be needed, an increase of over 30 per cent from the 1955 total he said.

Using conservative estimates for national income for 1960 and 1965, Mr. Boshell estimates that freight movement as a whole may rise from 1,291 billion ton miles in 1955 to 1,486 billion in 1960 and 1,766 billion in 1965. To illustrate the magnitude of this freight movement Mr. Boshell points out that in 1900 only

12,300 ton miles of freight were moved per household. By 1955 this increased to 27,000 ton miles per household and should reach 33,000 ton miles by 1965. The amount of total freight now being moved per household yearly is equivalent to a loaded truck-trailer traveling all the way across the continent; or to a loaded freight car moving 1,000 miles.

• **Hegira to West Indies** — By 1960, it is predicted that 1.5 million vacationists from this country will be streaming into the West Indies archipelago, if present rapid growth continues. Travel to the Caribbean increased an overall 48.5 per cent in the past five years, according to the Bureau of Business and Economic Research of the University of Miami, which has just completed a comprehensive study of this area. The study shows that visitors to Haiti increased 210.6 per cent. Other notable percentage gains reported were: Dominican Republic 131.4; Nassau 93.3; Puerto Rico 82.8; Virgin Islands 60; Curacao 48; Barbados 31.4; Jamaica 30.5; Trinidad and Tobago 20.5.

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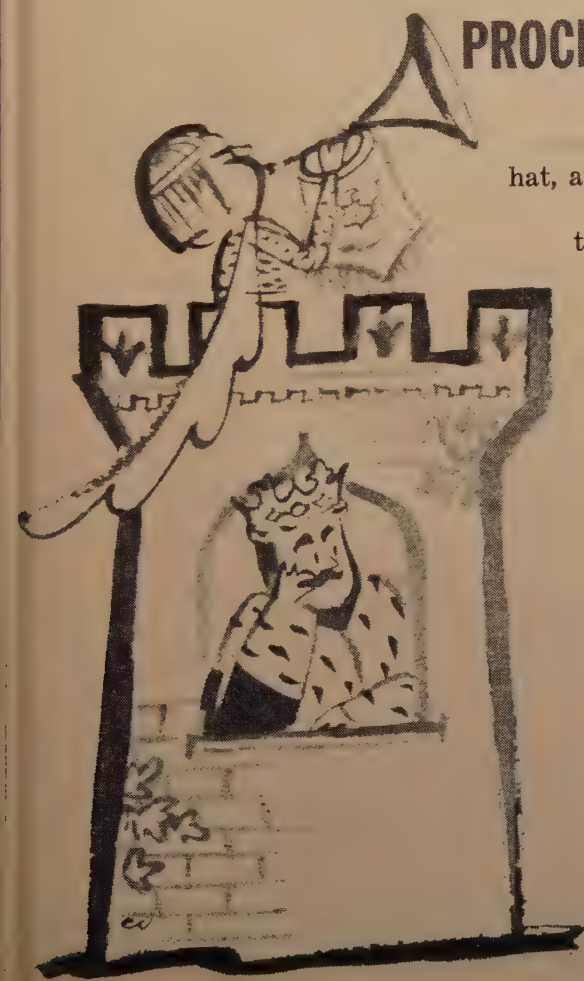
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Industrial Developments

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INDUSTRIAL plant investment in the Chicago Industrial Area in November amounted to \$20,025,000, bringing the total for the first eleven months to \$520,969,000. The eleven months' total may be compared with \$524,642,000 in the first eleven months of 1955. November 1955 was the largest month on record with projects totaling \$245,000,000 being announced.

Projects covered in these reports include construction of new plants and expansion of existing buildings as well as acquisition of land or buildings for industrial purposes.

General Refractories Company, headquartered in Philadelphia and operating a District Office at 208 South La Salle Street and three plants in this area, is erecting a plant for the production of refractory brick which will be located on Clark Street at the E. J. & E. Railroad in Gary. The new factory will be completed within a year. There will be 14,000 square feet of building area on an 81 acre site, which will include a great deal of other auxiliary facilities as well. Architects for the project are Westing E. Pence and John Wehrheim. General Contractor is John F. Chapple and Company.

Clark Equipment Company of Buchanan, Mich., is erecting its first Chicago Area plant on a 17 acre site at 7300 S. Cicero avenue in Bedford Park. Construction has started on the 287,000 square foot building which the company will occupy in 1957. The company plans to manufacture some of its line of lift trucks, load building equipment, and truck transmissions at the new location, as well as centralizing its Middle West distribution facilities at this plant.

National Gypsum Company, of Buffalo, New York, operating a

Chicago area plant at Matteson which produces waterproofing materials and paint, will erect a new manufacturing facility in Waukegan on a 21 acre site adjacent to the Waukegan Harbor. The plant will be served by the Elgin Joliet and Eastern Railroad, and will manufacture wallboard, sheathing, lath and plaster from gypsum mined in a 2700 acre deposit owned by the company in Tawas City, Michigan. J. J. Harrington and Company, broker.

- **Clearing Industrial District** is erecting a new plant containing 156,000 square feet of floor area to be located at Wolf road and Addison street, west of Franklin Park. An electrical apparatus manufacturer will occupy the building in 1957.

- **General Mills, Inc.** is erecting a new warehouse building at 104th street and Calumet river on property purchased adjacent to its present facilities. It will contain 80,000 square feet of floor area and will occupy part of the waterfront property purchased several months ago by General Mills.

- **Dutch Brand Division** of Johns-Manville Corporation, operating a plant at 7800 Woodlawn avenue, will expand its manufacturing floor area at that location with the addition of 64,000 square feet of floor area. The resultant increase in facilities will mean an additional 250 jobs at the plant, which makes various types of tape, sponge rubber and rubber compositions as well as rubber cement and adhesives.

- **Kleinschmidt Laboratories, Inc.**, manufacturer of teletypewriters and communication equipment, is erecting a 50,000 square foot addition to its plant for use in further manufacturing operations. The company's

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plant is located on County Line Road in Deerfield. Abell-Howe Company, general contractor.

• **Felt Products Manufacturing Company**, operating a recently constructed plant in Skokie, is adding 54,000 square feet of floor area to its plant which will allow the company to consolidate all of its Chicago area operations under one roof. The company manufactures gaskets and packings, seals and auto replacement parts. Northern Builders, Inc., general contractor.

• **Jamar-Olmen Co.**, 320 N. Harding street, is erecting a 45,000 square foot plant in Melrose Park which the firm will occupy in 1957. The company is a producer of sheet metal products. J. Emil Anderson and Sons, Inc., general contractor; J. J. Harrington and Company, broker.

• **Foote Brothers Gear and Machine Corporation**, 4545 S. Western avenue, has purchased 119 acres on Route 34 at the Burlington Railroad west of Naperville for erection of a new plant at a future date. Foote Brothers is one of the nation's largest gear manufacturers, and is heavily engaged in defense work. J. J. Harrington and Company, broker.

• **Converse Rubber Company** will erect a 50,000 square foot warehouse and office building at North avenue and Mannheim road in Melrose Park. The firm has headquarters in Malden, Mass., where it manufactures a complete line of athletic and rubber equipment. The warehouse will afford distribution facilities for the Mid-Continent Area of the United States, and will have both rail and truck facilities. Arthur Rubloff and Company, broker; J. Emil Anderson and Sons, Inc., general contractor.

• **United States Rubber Company** acquired 114,000 square feet of floor area in the former Sexton Building at Illinois and Orleans streets. The company will occupy the space for warehouse purposes. Draper and Kramer, Inc., broker.

• **Whitlock and Company, Inc.**, 333 N. Michigan avenue, is moving its printing plant and office to a new structure being erected at 7425 W.

Lake street in River Forest. John D. Jarvis, architect; Charles B. Johnson and Sons, general contractor.

• **Scharr and Company**, 754 W. Lexington street, is erecting a new plant in Norridge at 7300 W. Montrose avenue, which will contain 35,000 square feet of floor area. The company will move its entire operations for the manufacture of scientific apparatus to the new building when it is completed next year. Fridstein Engineering Company, engineer; Kleinfeld Construction Company, general contractor.

• **Ardmore Products Division** of Amco Corporation has occupied its new plant in Northbrook on Sherman Road. The new plant will produce oil handling and fire-fighting equipment and will contain 30,000 square feet of floor area. Fred H. Prather, architect.

• **Bell & Thorn, Inc.**, a machine shop manufacturing tools, dies, and metal stampings, located at 4259 S. Western blvd., has acquired the building at 4311 S. Western blvd. which consists of a two-story and basement heavy-duty structure with craneway, totaling approximately 45,000 square feet of floor area. Bell and Thorn plans to use this plant for additional metal stamping operations. L. J. Sheridan and Company, broker.

• **Chicago Cork Works**, 5209 N. Avondale avenue, is erecting a new factory building at Grosse Pointe road and Lehigh avenue in Niles. The new structure will contain approximately 21,000 square feet of floor area and will be devoted to the company's line of insulation material. Rodde-Anderson and Novak, architect; Freevol-Smedburg, general contractor.

• **Sportsman Golf Corporation**, 1300 West Hubbard Street, is erecting a building on Indian Boundary Drive in Melrose Park which will contain approximately 20,000 square feet of floor area. Clearing Industrial District will erect the plant.

• **Powers Regulator Company**, Skokie, manufacturer of temperature controls, is building a new structure at 6645 N. Ridge avenue which will house the sales office of the company.

now located at 3819 N. Ashland avenue. Part of the building will be devoted to warehouse space, and the entire structure will include 16,000 square feet of floor area.

Croname, Incorporated has broken ground for its new manufacturing plant located on a 34 acre site at 6200 Howard Street in Niles. This project was announced in December 1955 as being in Skokie. Since that time, the site has been changed to Niles. Graham, Anderson, Probst and White, architect.

American Can Company has selected a 25 acre site at 165th street and Sumner avenue in Hammond for its new metal furnishing plant. This project will be the largest plant of several of the same type being built in various parts of the country by American Can.

Here, There and Everywhere

(Continued from page 8)

single producer of milk; its output in 1950 was 56 million tons. That was more than the combined output of the United Kingdom, France, Western Germany, the Low Countries and Denmark in that same year.

Home Laundry Appliance Sales — Factory sales of home laundry appliances for the first nine months of 1956 amounted to 4,443,886 units, an eight per cent increase over the corresponding 1955 period. Factory sales of both automatic gas and electric clothes dryers set new monthly records in September.

And No Writer's Cramp — America's "writingest female," Irene Stephenson of Fort Madison, Iowa, spent 35 days copying "Gone with the Wind" in long hand. She didn't complete her 1,200-page "writeathon" just for fun. It was part of her job of hand-testing fountain pens, ballpoints and mechanical pencils for the Sheaffer Pen Company.

Nuclear Research — One-fourth of the nuclear research and development between 1955 and 1958 outside the weapons area will be conducted by private industry according to the Atomic Industrial Forum held in Chicago. By 1964, cumulative spending by industry and government for nuclear research may hit \$7.5 billion.

January, 1957, Tax Calendar

(Continued from page 2)

Date Due	Tax	Returnable to
31	Quarterly return and final payment (by depositary receipts or cash) of income taxes withheld by employers for last quarter of 1956 (Form 941); must be accompanied by W-3 (annual reconciliation form); also Copy A of W-2	Dist. Dir. of Int. Rev.
31	Federal Old Age Benefit Tax for last quarter of 1956, return and payment (on first \$4,200) (Form 941). Domestic help (Form 942)	Dist. Dir. of Int. Rev.
31	Federal Unemployment Compensation Tax for 1956. This tax amounts to .3 of 1% of the 1956 taxable payroll and must be paid with the return on Form 940	Dist. Dir. of Int. Rev.
31	Federal Excise Tax return and payment due for last quarter, 1956. Form 720	Dist. Dir. of Int. Rev.
31	Final Income Tax return for individuals (other than farmers) in lieu of filing a January 15 estimate with final tax payment	Dist. Dir. of Int. Rev.



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Transportation and Traffic



THE petition of the Eastern and Western Railroads, filed November 6, 1956, for an emergency seven per cent increase in freight rates and charges, was assigned for hearing November 26, 1956, at the New Pickwick Hotel, Kansas City, Missouri. Oral argument will be held at the same place on December 3, 1956. The petition of the Southern railroads, filed November 14, 1956, for a similar seven per cent emergency increase, has been set for hearing on December 12, 1956, and oral argument on December 19, 1956, both in the offices of the Interstate Commerce Commission in Washington, D. C. Hearing on the Ex Parte No. 206 request of the Eastern and Western railroads for a general 15 per cent increase in rates and charges has been postponed to January 24, 1957, and oral argument until February 11, 1957. Both the hearing and argument will be held in the commission's offices in Washington, D. C. The date for the filing of verified statements in opposition to this increase has been extended from December 14 to December 24, 1956. An additional hearing in the proceeding has been scheduled for February 4, 1957, at Salt Lake City, Utah, for the purpose of cross-examining persons who filed verified statements.

• **C.A.C.I. Opposes Increase in Minimum Charge on "Loop" Area Shipments:** Opposition to a proposal to increase the minimum charge to \$5 on shipments picked up or delivered in the downtown area of Chicago was voiced by the Chicago Association of Commerce and Industry at a hearing held November 16 in Springfield, Illinois before the Standing Rate Committee of the Illinois Intrastate Motor Carrier Rate and Tariff Bureau. The proposed minimum charge would apply on movements from or to the area

bounded by Lake Michigan on the east, the Chicago River on the north and west, and Van Buren Street on the south. The justification states that the increase is "to provide needed revenue on 'Loop' pick-ups or deliveries where street congestion and lack of loading facilities cause excessive delay in driver time." The C.A.C.I. pointed out that street congestion is encountered in the business districts of every large city and that imposition of the proposed charge at Chicago would unduly discriminate against many shippers and receivers in this city in violation of Section 14 of the Illinois Motor Carrier of Property Act.

• **Announce Regional Hearings on Demurrage Increase:** The Interstate Commerce Commission has announced that regional hearings in I. & S. 6646, Increased Demurrage Charges — 1956, will be held in four cities during December and January. The initial hearing began November 19, 1956 in Washington, D. C. The additional hearings before Commission Examiner Peck are scheduled as follows: Atlanta, Georgia, December 3 and 4; Dallas, Texas, December 6 and 7; San Francisco, California, December 10 to 12, inclusive; and Highland Park, Illinois (Hotel Moraine), January 8 to 11, inclusive. The proceeding involves suspended changes in railroad demurrage rules and charges which were published to become effective September 1, 1956.

• **Motor Groups Propose Rate Increases:** Most of the major motor carrier associations have submitted proposals for general increases in rates and charges to compensate for increases in operating expenses. The Standing Rate Committee of Central States Motor Freight Bureau held hearing October 10, 1956, on a proposal to increase all rates and



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charges in Central territory by 15 per cent. No disposition has as yet been released. The Middlewest Motor Freight Bureau's Standing Rate Committee met on November 20, 1956, to consider a proposed 11 per cent increase in rates and charges. Eastern Central Motor Carrier Association has released Docket E-2785 which would boost class and commodity rates by 15 per cent. This proposal was to be considered by the Standing Rate Committee, without public hearing, no later than November 22, 1956.

• **Illinois Asks U. S. Supreme Court to Increase Lake Michigan Diversion:** Attorney General Latham Castle announced that the State of Illinois has petitioned the United States Supreme Court for an emergency diversion of water from Lake Michigan into the Illinois-Mississippi river waterway to relieve the low water condition which has caused a navigation tieup. The petition asks that the present 1,500 cubic feet per second diversion be increased to 11,500 cubic feet for a 100-day period. "There exists," the petition states, "an already urgent and increasingly critical emergency upon the Mississippi River, as a result of which some 200 barges essential to interstate transportation of vital materials on navigable waters are already stalled" and warned that this condition "will have reached a crucial stage before the first of De-

cember." The situation also threatens to cause a shortage of water for industrial use in the St. Louis area, according to Army Engineers. Legislation to increase the present diversion to 2,500 cubic feet per second was approved during the last two sessions of Congress and vetoed by the President.

• **Court Issues Injunction Against Enforcement of Illinois' Mud Flap Law:** A temporary injunction against enforcement of Illinois' contour mud flap law was granted by Judge Clem Smith in the Circuit Court of Sangamon County. The law, passed during the 1955 session of the Illinois General Assembly, required contour mud flaps on new trucks placed in

service on and after September 1, 1955 and was to be made applicable on all trucks effective January 1, 1957. Following notice of the injunction, Chief William H. Morris of the Illinois State Police issued orders to discontinue arresting operators of new vehicles not equipped with contour mud flaps.

• **Helicopter Passenger Service Between Chicago's Airports Initiated:** Chicago Helicopter Airways began regularly scheduled helicopter passenger service between Midway Airport and O'Hare Field November 12. On the first day, 76 passengers were carried on the eight round-trip flights, which averaged about 13 minutes each way.

Wooing Workers' Wives

(Continued from page 23)

board for business worries which cannot be unburdened in the office — and as a help-mate.

Not long ago in downstate Springfield a sales executive suffered an appendicitis attack the night before he was supposed to stage a mass demonstration of his company's products in a supermarket. His wife rushed him to a hospital, subbed for him the next morning, and did such a good job that the company awarded her husband a commendation.

Last June, three Commonwealth Edison Company employees — Ken-

neth Johnson, Robert Bosworth, and Richard Williams — graduated in business administration at Northwestern University, after night study courses begun some 20 years ago. None of them was nagged into this accomplishment, but — on the contrary — they were helped by their wives, who set up study schedules and kept the children quiet during study hours.

While executive wives may come under the critical eye of the company president, those three Edison wives are the apple of management's eye. They — along with the meddlesome wives and the unconcerned wives — are being wooed on a mass scale by American industry.

For the past five years, 12,000 women have visited local plants of International Harvester where their husbands work. Each is greeted warmly by the works manager, shown her husband's work station, treated to lunch in the factory cafeteria, and escorted to a movie which will show an explanation of production and employee benefits.

That kind of company "date" is being pursued in various forms today by scores of U. S. corporations as diligently as any man ever pursued a woman.

By striving to be "part of the family," industry hopes to inspire such things as greater sales and output, a reduction in accidents, and less employee turnover.

Several years ago The Quaker Oats Company started a program called "Wives are Quakers too." Its pri-

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primary purpose was to tell the wives of its employes everything they wanted to know about the company through a series of monthly meetings. The topics for these meetings covered a diverse range of things — the company's financial report, a full explanation of employe benefits, an introduction to the company's many products and ways of using them. The program was tested at a couple of plants the first year. It proved to be so successful that similar programs were scheduled for other plants and are still going on.

Last month the Hotpoint Company was in its annual grand-uncle role for some 400 key employes in Chicago, Milwaukee, Cicero and Chicago Heights. Each brought his wife to a "Tribute to the Ladies" celebration in a loop hotel. The evening included a scrumptious dinner, name-talent entertainment and orchid corsages. The wives already have mailed the monthly "Hotpoint News" carrying household hints, seasonal best buys in foods, and company announcements aimed at both employe and family. A recent survey shows the magazine is read more thoroughly by more wives than is the case with their husbands.

Open House for Families

Commonwealth Edison two months ago tossed an open house get-together for families of employes in the general offices at 72 West Adams. In a similar event this summer for workers in the Joliet division, the men put on a fashion show for their wives. The Peoples Gas Light and Coke Company underwrites the cost of an employe-governed club which sponsors family picnics, dances and golf tournaments. The Chrysler Corporation for years has been showing its latest car models to hundreds of thousands of employes' families well before public unveiling.

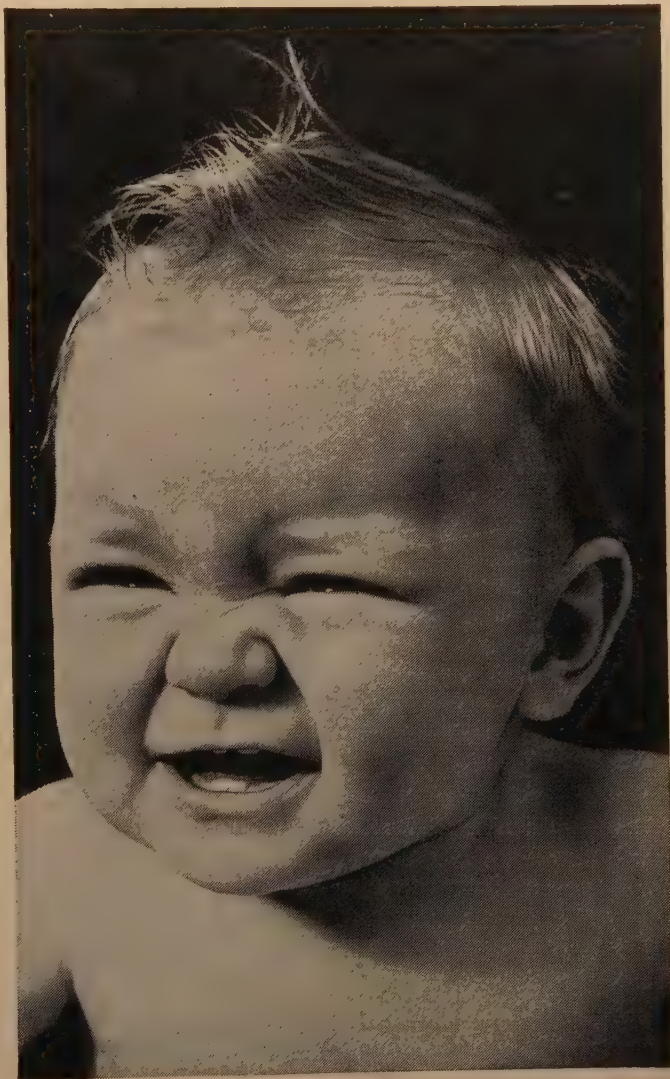
Everywhere, the effort aims at a personal touch: A potted plant for the Armco Steel Corporation employe's wife when she enters a hospital; a gold brooch for her when hubby reaches the 25-year service mark; an electric clock to ladies phoned at random by a Monsanto Chemical Company executive trying to determine how many employes tell their wives the factory's latest safety slogan; a party for Phillips Petroleum Company workers and their wives when a plant passes the

one million mark in man-hours without a lost-time accident.

In its monthly magazine sent to employe homes, the Chicago Transit Authority repeatedly but gently hammers home the vital point that wives should send their men off to work with a good breakfast. One college president in the East never hires a faculty member until he has eaten breakfast with the man's family — on the theory that the prospect is a poor risk if his wife does not fix a good breakfast.

And so is it any wonder that the hand that pours the breakfast coffee,

rocks the cradle, and wears the bracelet should be of such intense concern to business and industry? Dr. Anna K. Daniels, the New York gynecologist and marriage counselor, sums up the views of most corporations regarding the wives of executives as well as of employes "on the line" when she says: "A wife holds the key to her husband's business success or failure. As a man helps his wife in housework, she helps him in a business career — but only if her desire arises out of love, understanding and sympathy, and not out of ambition and selfishness."



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The 74-foot long sales office of the new Skokie plant of Rolled Steel Corporation. The salesmen face a ten foot high chalkboard which stretches for 122 feet on three walls of the room. This board, one side of which can be seen in the background, contains moment by moment listings of the firm's inventory for use by salesmen in telephone calls to customers. Behind the salesmen, background right, and about five feet higher, is the row of glass-walled executive offices. On the other side of the executive offices is the company plant operation. It is at the same level as the sales office and can be viewed from the executive offices through similar glass partitions. The clerical staff is located one flight below the executive offices and a half flight below the sales office and plant level.

Tri-Level Rolled Steel Plant

A UNIQUE industrial plant which is built on the tri-level principle already so popular in residential construction, is being opened by the Rolled Steel Corporation in Skokie, Illinois. The plant was designed to achieve the same "airy feeling" which is attained in much modern home construction, said Seymour Waldman, Rolled Steel president.

The company warehouses and sells sheet steel to a wide variety of industries throughout the country. The new 56,000 square foot structure is Rolled Steel's third plant. It operates another plant in Skokie as well as one in Houston, Texas.

The 6,000 square foot office area is built around a 74 foot long sales office in which the company's salesmen sit at desks facing a ten foot high chalkboard which stretches for 122 feet on three walls of the room. This board contains moment by moment listings of the firm's inventory for use by salesmen in telephone calls to customers.

The sales office as well as the plant are at ground level. Approximately five feet above this level and separating the sales office from the plant

is a row of glass-walled executive offices. From these offices company officials have a clear view of the entire plant operation as well as of the chalk board and sales office.

The glass-walled executive offices provide the entire plant with an atmosphere of openness and permit personnel in the sales office to look directly into the plant area to visually check on shipments. The clerical staff is located one flight below the executive offices and a half flight below the sales office and plant level.

The front facade of the building is constructed of blue glazed brick. This is one of the first uses of this type of brick in the Chicago area. It was originally designed for the General Motors Technical Center near Detroit.

The plant is equipped with four 7½ ton cranes for handling of steel. A rail spur enters the plant for shipments. Waldman said the new facility is designed to handle appreciably more than the 48,000 tons of steel per year which Rolled Steel now is selling.

Architect for the project was Robert Friedman of Highland Park, Illinois. Total cost was \$665,000.00.

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Will People Buy Your Product?

(Continued from page 17)

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to explain why his instant coffee wasn't going over. Motivation research specialists made up two shopping lists, and then asked a group of housewives what sort of woman would be the author of each list. The only difference between the lists was the coffee; one specified ground coffee, the other called for the instant variety.

The consensus was that the woman who shopped for instant coffee was probably an inefficient housekeeper, not deeply interested in preparing wholesome meals for her family, and not the sort of person who enjoyed working in the kitchen. The ground coffee buyer, on the other hand, relished the idea of cooking, and took a deep and abiding interest in her family's welfare.

A cynic might say at this point: "All right, so emotional attitudes play a role in determining what the customer buys. But why can't a good marketing analyst or advertising manager figure out these attitudes? Why is a long survey by high-priced experts necessary?"

Unconscious Desires

The answer of the motivation research specialist is that the individual often isn't willing to admit the real reason why he buys a given product because that reason is not socially acceptable. In many cases, this argument continues, the person may be reacting to unconscious desires and couldn't tell you about them if he wanted to. It takes a specially trained expert — a social psychologist, usually — to uncover these hidden motivations. Gerhart B. Wiebe, research psychologist for CBS radio, puts it this way:

"The key is the specialized skill of interviewers trained in the psychology of personality. People don't tell an ordinary interviewer that they prefer an automobile with a 'middle-aged' personality." Women don't say that they wouldn't have a particular kitchen accessory because it looks 'cruel.' They don't even say such things to themselves in so many words. But some feelings that often determine buying behavior are no stranger than these."

Psychologists have two basic methods of learning the individual's atti-

tude toward a product. One is the depth interview. If you listened to such an interview, it would probably strike you as being a casual, friendly conversation, without any particular point. However, by drawing out the respondent on seemingly unimportant details, the interviewer often is able to get an idea of how the person really feels. After talking to several persons, he is usually able to reach conclusions regarding brand and product preferences of a group — conclusions that can be used by the advertising department in planning a campaign.

Depth Interview

The study made by Social Research of the two bacon ads mentioned earlier is one example of the depth interview in action. At first the women involved in this survey thought the ad containing the frying pan was "pretty." They felt the food was attractive; the idea bacon brought to mind was appetizing. But the more the women talked, the more they emphasized the cooking chore in the hot kitchen, the difficulty of getting bacon to turn out just right, the trouble they had in getting the family to the table on time. By the end of the interview, most of the responses were directly contrary to those that had been made initially.

The second basic technique used by motivation research specialists is projection. The shopping list used in the study on coffee is a good example of one projection method. Another is the use of a picture in which two or more people are shown usually. The action, however, isn't well defined. The respondent is asked to tell what he thinks the people are doing or saying. The assumption is that he will project his own feelings into the scene and, in the process, reveal them to the trained investigator.

The function of both the depth interview and projective analysis is the same: to provide the respondent with comfortable and accepted ways of giving information that he would not give in answer to direct questions. The information comes out in symbolic, innocuous form, which can be understood only by someone

who has the necessary training and experience.

Can the data unearthed by motivation research studies actually increase sales? One answer comes from James Witherell, vice president of the Russel M. Seeds Advertising Agency, Chicago: "I cannot prove that motivation research will automatically boost every client's volume by many percentage points. On the other hand, I know that it has helped a number of firms. Hard-headed businessmen are spending large sums of money on motivation research because they are convinced that it is helping them to sell more merchandise."

One firm that has taken the plunge is General Electric, which recently decided to find out why its DC motors weren't moving faster, notwithstanding their technical excellence. GE hired the Institute for Motivational Research to get the answers. IMR is a New York firm headed by Ernest Dichter, a veteran in the field.

It was found that prospects for GE's motors considered direct current obsolete, an anachronism in an era of high speed mass production. The result of the Dichter study was a revamped marketing, advertising, and public relations program which has enabled the company to overcome this obscure, but powerful emotional block, and capitalize on the plus features of its product.

One of First Firms

GE is notable because it is one of the first firms to apply the motivation research technique to industrial marketing. To date, most of the work has been concerned with consumer products. Motivation research specialists have studied the buying patterns of such diverse items as beer and automobile tires, pet food and women's magazines, pens, cigarettes, detergents, telephone service, and patent medicines. In a number of cases, notably those involving pens, cigarettes, and pet food, sales increased appreciably after the promotion campaign was renovated along the lines indicated by the studies.

Probably the best way to state the case for motivation research is to say that it is capable of filling a vitally needed gap in market research. The Chicago Tribune's Pierre Martineau, who has conducted a number of motivation research studies on advertisers' products, explains:

"The problem of influencing the customer is becoming more difficult all the time. We are finding that copy can have high retention, identification, and message acceptance, but not sell, because the vital ingredients

— content and impact — are missing. Motivation studies offer a means of determining the needs of each segment of the market. Through the use of this data, both content and impact can be restored."

School Bells Ring for Executives

(Continued from page 16)

departure from the traditional method of dividing up the course between the main departments of business — such as accounting, production, and sales. An attempt is made to give the whole business point of view. Size of the group, age distribution and job variety are all considered in screening the applicants. One does not have to be a vice-president and 45 years old to be accepted for the Institute of Management. Northwestern believes a wider span of ages and a wider sweep of corporate titles add spice and interest to the program.

Columbia, Stanford and Pittsburgh are other schools that offer well-established programs; but in addition, dozens and dozens of col-

leges and universities are dangling attractive courses before the eyes of management. Our Canadian and British cousins also offer the same type of programs, which scholastically are described as "full-time, concentrated, living-in programs." Suffice it to say, executive training courses have created a real stir in management ranks.

Not every businessman is fortunate enough to be relieved of his duties for several weeks while his associates close up the ranks behind him. Although the number of executives away at school runs into several thousands, his number is small compared to the total number of officers and rank and file employees enrolled in all forms of business training. The

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American Management Association says more than a quarter-million management people currently are taking some form of specialized training, either in school or in an internal training program. In addition, it is estimated that some 700,000 stenographers, shipping clerks, foremen, office workers and others are enrolled in night school courses.

Attitude Changed

The attitude of business toward higher learning has greatly changed since the early years of this century, when businessmen looked with little favor upon higher learning. Most practical men of a half-century ago believed college men lacked self-reliance, and indeed, Carnegie went so far as to say "college education as it exists seems almost fatal to success in the domain of business." But Carnegie finally recognized that the scientifically trained youth would soon outdistance experienced men from the ranks. He founded a great school, and he was joined by other captains of industry who founded other universities. Today those

schools and their graduates are the best of all possible memorials to those men.

An idea of why the new courses have caught on so rapidly can be gathered by a visit to the downtown campus of Northwestern University just north of Chicago's Loop (the main campus is up in Evanston). Its Institute for Management has succeeded so well that the school turns down far more applicants than it accepts. The universality of its appeal is illustrated by the enrollment in the 13 sessions held since its inception in 1951—men have come from thirty states as well as from Canada, Germany, Sweden, England, Holland and a half-dozen other countries.

"We don't try to teach a businessman how to be a better accountant or salesman or production man in this course," explains Leon A. Bosch, associate dean, who recently has taken over from Donham as director of the Institute. "Instead, we try to make it possible for him to open his own mind, so that he can contribute more effectively to policy formation in his company when he returns."

It is important to note the four professors who take turns leading the discussions act as moderators, not teachers. The course is divided into two main sections, managerial responsibilities and their limits, and top management policy and administration. The system used is the now famous case method. The cases are "slices" taken from the history of a particular company. Some of them are drawn from the Harvard course but most are prepared by Northwestern case writers. Normally the names of the company are disguised, but not when its identity is obvious. From these sketches, the businessman-student learns something of the history, production, sales, personnel and other factors about the company. Trial and balance and profit and loss statements, as well as other pertinent statistical material, are included.

Clues Dropped

As in a good mystery story, clues are dropped throughout the text on the problems the company faces. Through discussion, the class is expected to come up with recommendations for solving the company's problems. In the first cases studied, solutions to these problems are fairly easy. As the course moves on, however, the cases become more involved, more difficult to analyze and solve.

The role of the professor is to stimulate the class to think its way through to recommendations. At first, the students expect to find the conclusive answers, like those in the back of the arithmetic book.

As the weeks roll on, dozens of case histories are discussed and argued over: A printing company finds its market changing despite its reputation for quality work; A bank's best all-around officer seems to have a fatal flaw; A mail order company's fast rise has come up against the problem of expansion. A foundry finds itself fouled up in angry employee feelings. More and more the students learn to probe, to analyze, and to puzzle out possible solutions to the trouble. In the first week a businessman-student can get away with, "They need to streamline their organization to improve their competitive effectiveness." Before long, however, that kind of an answer runs into a stop light.

A favorite way to pin down a loose generalization is for the man at the



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board to say slowly, "Now, as I hear you, you said this. You want the president of this company to fire himself. Is that what you want?"

A good laugh from the class saves the businessman from stumbling all over himself in further explanation. By the final week, the analysis has become pointed. From time to time, small groups are set up with members of the class as discussion leaders. The groups learn to list the internal and external problems, to make the analysis and to recommend specific steps to correct both the short term and the long term problems.

"Say, we're getting better," a class member chortles as the morning moves along. "We didn't fire the president today."

By the second week these executives, oftener than not of an evening, are prowling the dormitory halls looking for a bull session on the problems for the morning.

"Boy, I went over this thing with a fine-tooth comb, and all I can find is an inventory problem," a sales manager moans.

"Yes, but did you notice they were only using their plant up to 65 per cent of capacity, and missed two contracts because they bid too high?" adds a railroad operating officer.

"They'd better do something to hold those tool and diemakers, too," warns a petroleum terminal manager who comes in from the next room to join the discussion.

Broader Subjects

The policy class starts at 8:30 and ends with a coffee break at 10:30. Then the class goes back for the managerial responsibility class. This portion, lasting until 1 p.m., is devoted to broader subjects of business importance—the monetary system, inflation, monopoly, restraint of trade, labor problems, tariffs, the tax burden, the farm burden. Again, the background material is in the form of cases, bulky mimeographed studies that draw a groan from the class as they are distributed.

Their associates back home might find it hard to believe their ears if they were to sit in on these discussions. These are the great economic, social and business problems of the nation—indeed of the world. What is government's true role? Has the growth of unionism hurt or helped the American capitalistic system? How far should a man's inventive

genius be protected by patents—to the point of monopoly? There are knotted brows as the effects of a bank deposit of \$10,000 are traced through our delicately balanced monetary system.

Except for those with specialist training in banking or government, most of the businessmen the first day would probably describe themselves as 100 per cent advocates of free enterprise, and the less government the better. The Northwestern School of

Business is thorough-going capitalistic in its philosophy, but it is impossible for any open-minded businessman not to recognize government's essential role in our economy after four weeks of intensive reading.

"Just what do you think the role of government should be?" demands one plant manager of the professor after some of his sweeping "rugged individualism" statements get a

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rough going-over from his classmates.

The professor looks down at the floor and pinches his chin.

"What do you think it is?" he counters.

"Wel-l-l-l," ponders the plant manager, "I guess I'd have to say that government's part should be like the balance wheel in a watch, but not the main spring—that has to be business."

"What's the class think?"

"Yea, that's pretty good," the class murmurs.

And the wrestling continues with the big difficult problems of making capitalism work in a hostile world.

"I used to think I knew something," more than one businessman has said, "but what I knew outside my own job was pretty vague."

"I've read the words 'The Federal Reserve System' all my life," a sales manager admits in class, "but I never really knew what it meant."

"Yes, and I thought 'the velocity of money' meant how fast the wives and kids took it away from me," adds a fuel engineer.

The reading assignments are heavy—and unremitting. Over the week-ends the mimeograph sheets give way to books—Heilbroner's brilliant study of the great economic thinkers, "The Worldly Philosophers," Reisman's masterful but turgid classic of modern social science, "The Lonely Crowd," "The Economic Report of the President to Congress," "Christian Values and Economic Life," and still others.

Beyond the acquirement of a broadened interest in phases of business foreign to their own work, something else seems to happen to these men. In a few short but concentrated weeks they come to have a new appreciation of the marvelous working of our economic system,

with all its fantastic ramifications. With something like awe, they allow their minds to play over all the forces of national life they discuss and although their understanding is far from perfect, it is a sympathetic understanding.

"We'll never be the same again," the thirteenth graduating class wrote as the final words of the preface in their year book. That probably is the goal both the school and the corporation seek: To disturb the minds of men who for too long have been away from the stimulation of good reading and hard thinking about our common future. Business is coming of age, and these executives and thousands like them at other schools will be leading the way into the future.

European Shippers

(Continued from page 19)

do not. There is a big job of education necessary." He also pointed out that export-import rail rates are necessary for Chicago to benefit to the fullest.

Foreign traders abroad feel that at least some or all of the savings made possible by an all-water route to Europe should be passed on to the buyer. In that way the landed cost of goods could be reduced on foreign purchases. Conversely, U. S. importers need to request that shipments be made directly to Chicago.

Throughout Western Europe, exporters would like to take advantage of the huge market in Chicago and its hinterland. However, they are not presently set up to do so. For example, one of the world's largest exporters of lumber in Copenhagen has no Chicago representative. A large lumber firm in Gothenburg, Sweden, does not have representation but would like to negotiate with possible representatives in Chicago. A trading firm in Stockholm is interested in Chicago outlets. That firm sells paper and board, bags and wooden items.

U. S. exporters are or would be meeting increased competition at these Western European countries build themselves up. In Hamburg and Bremen, for example, the business day begins at 8 a.m. and it was not at all uncommon to meet bankers or shipping people in their offices up to 6 p.m. Rehabilitation of these two port cities, virtually destroyed

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World War II, is now about 80 per cent complete. Transit sheds being built along the piers at the harbors look almost identical to those being constructed at Calumet Harbor in Chicago.

Shipowners, bankers and others abroad were very much interested in the timetable of completion dates of the St. Lawrence Seaway, Cal-Sag, and the first stage of the Chicago Regional Port District at Lake Calumet. Of equal interest, especially to shipowners and port officials, was a description of the bulk-loading facilities being developed by The Lake Michigan Corporation for operation in Calumet Harbor in 1957. This facility will transfer grains and other bulk commodities from barges directly to ocean-going ships. No port in Europe has such a facility.

Economy at High Level

Bankers in Western Europe agree that the economy in their countries should continue at a high level. Business has been booming in virtually all the countries. These same bankers indicated that the credit situation is good, and that the number of business failures is comparatively small. In a few countries, such as Sweden, the government is discouraging credit expansion and U. S. exporters are cautioned to deal with firms well capitalized so they will not be caught in credit pinches. Bankers also indicated that they would like to deal directly with Chicago banks.

In visiting the ports, an effort was made to learn about the various kinds of manufacturing and assembly plants that develop, with an eye toward learning what is likely to develop in Chicago. Shipyards, ships' repair and building, are prominent in Hamburg, Rotterdam, Glasgow and Gothenburg; virtually all the ports have oil and liquid storage facilities. Cement plants are in evidence on the Thames in London, in Stockholm and Gothenburg. There is a large sugar refinery in Stockholm while London has leather tanning facilities; Manchester, a furniture factory. There are flour mills in Antwerp and paper mills in Copenhagen and Oslo; Gothenburg has fish tanning; and Antwerp and Hamburg have auto assembly plants.

Whether or not housing and neighborhoods around the dock area tend to deteriorate were discussed in several cities. Typical of the attitude

was the comment of Dr. C. F. Karsten, managing director of the Rotterdamsche Bank, Rotterdam, who said he lives within 25 meters of the port and that special housing projects are being erected for dock workers and factory workers employed in dock areas. Dr. Karsten expressed the opinion that property values would tend to increase as dock facilities are developed. His comments were echoed in Amsterdam, Stockholm, Hamburg and Antwerp.

Most of the cities, located from 19 to 79 miles from the sea, are developing all the port facilities possible. They "grow" quite naturally along

most water sites. Antwerp, however, has developed a planned port facility. Developments in Europe point out that Chicago will eventually develop all possible port facilities in order to adequately meet shipping demands.

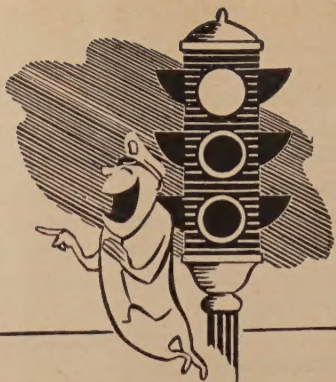
Developments abroad also point out that Chicago is very definitely in the thinking of trade interests in Europe. This interest, great as it is, points up a very pressing need for a large and continuing educational program to tell the Chicago story to those who want or should do business here. There is much yet to be done.

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Stop me...If...



Middle aged union worker decided to get married. He went to a matrimonial agency recommended by a friend. At the agency he asked: "Is this a union shop?"

"Of course."

Looking over photographs he selected a luscious young lass. He said: "I'll take this one."

"Oh, no, you won't" retorted the agent handing him a picture of a grey-haired lady. "You'll have to marry this one. She has seniority."

A West Texan pulled up in front of Houston's Shamrock Hotel in a cruiser-length car. He fished a ten-dollar bill out of his pocket and handed it to the doorman.

"Take good care of the car," he said patronizingly.

"I sure will, boss," answered the doorman. "I own one myself."

"I'm in a tough spot," the small boy told his mother sadly. "The teacher says I must write more legibly — and if I do she'll find out I can't spell."

Judge (to man trying to avoid jury duty): "So you think your office can't function without you?"

Man: "Oh, no, your honor. But I don't want them to find out."

"Well, darling," said the little boy's mother, "were you a good boy at school today?"

"Sure," answered the lad. "How much trouble can you get into standing in the corner all day?"

The stingy farmer was scoring the hired man for carrying a lighted lantern to call on his best girl.

"The idea," he exclaimed. "When I was courtin' I never carried no lantern; I went in the dark."

"Yes," said the hired man sadly, "and look what you got."

Be the first in the office every morning, the last to leave at night, never be absent, always work through your lunch hour, and one day the big boss will call you in to say, "I've been watching your work very carefully, Jones. Just what the devil are you up to?"

Two friends were riding in a crowded bus when one noticed that the other had his eyes closed. "What's the matter, Bob?" he asked, "are you ill?"

"No," answered his friend. "I just can't bear to see women standing."

Small boy's definition of Father's Day: "It's just like Mother's Day, only you don't spend as much on the present."

Dot: "I refused Henry two months ago, and he's been drinking ever since."

Jane: "I think that's carrying a celebration too far."

Senior: "See that big fellow playing full-back. I think he'll be our best man next year."

Co-ed: "Oh, darling, this is so sudden."

Nurse: "Congratulations, You are the father of triplets."

Building Contractor: "Good Heavens! I've exceeded my estimate again."

"For a modern house," commented the prospective buyer, "these walls don't seem very sturdy."

"Well, maybe," the seller agreed grudgingly, "but they're not painted yet."

A father was telling his son what a good shot he was and probably exaggerated the truth somewhat. However, to prove his point, he took the boy out duck hunting with him one day. Ducks were scarce but finally a lone duck flew overhead and the father took careful aim and fired. The duck kept right on going. Turning to the boy he said, "Son, you've just witnessed a miracle. There flies a dead duck."

A girl meeting an old sweetheart decided to highhat him.

"Sorry," she murmured as the hostess introduced them, "I didn't get your name."

"I know you didn't," rejoined the old flame, "but you tried hard enough."

A Texas GI was playing poker with some English soldiers. He drew four aces. "Oh, pound," ventured the Englishman on his right.

"Ah don't know how you'll count your money," said the Texan, "but ah'll raise you a ton."

A teacher, annoyed with his clockwatching students, covered the clock in the school room with a sheet of cardboard. On it he lettered these words: "Time will pass. Will you?"

"I insured my voice," said the famous singer, "for \$250,000."

"And what," said his rival, "did you do with the money?"



"I wish the boss would step in and make us get to work! Time drags so when you're idle!"